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USSR Report

USA: ECONOMICS, POLITICS, IDEOLOGY

No 3, MARCH 1986



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RELATIONSHIP BETWEEN AMERICAN SOCIETY, FOREIGN POLICY DISCUSSED

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[Article by S. M. Plekhanov: "American Society and Foreign Policy"]

[Text] For most of their history, Americans could afford to ignore a problem which was always among the major concerns of the majority of other nations--the problem of their society's interaction with the outside world. Obviously, the American Government always had a foreign policy, and U.S. relations with other countries were always of professional interest to a small group of diplomats, businessmen, missionaries and journalists. As for the American society as a whole, however, it saw no need to give any serious or constant thought to how America "fit into" the world community until a comparatively short time ago. As long as the American economy was only slightly integrated into the world economy, as long as America made no pretense of acting as the "guarantor of the world order" and as long as vast oceans and the presence of weak or obedient neighbors on their continent gave the Americans a feeling of almost absolute security, their interest in the outside world was motivated more by simple curiosity than by the urgent requirements of their existence.

The situation began to change at the turn of the century, but the real turning point in the process by which the American society (and not only the government) became involved in world politics dates back to the 1940's and 1950's. One of the first studies of this new development for America was the book by renowned sociologist G. Almond, "The American People and Foreign Policy," published in 1950; it went through around 10 editions and is one of the most authoritative works in this field. "Within a short decade," Almond then wrote, "the American people were torn away from their private civic affairs and thrust into a position of world leadership. The nation which had been able, by virtue of its geographic location, its rich internal resources and the distinctive character of its institutions and traditions, to refuse the burden of constant active participation in world affairs for a long time, suddenly became the focus of attention, unwillingly and with a strong sense of isolation."¹

The main problem then was thought to be the unsuitability of the "human material" of American society for U.S. capitalism's struggle for world domination. Almond concluded that the American society would be quite difficult to "mobilize" in the ideological, political and economic sense for the attainment of the foreign policy ambitions entailing considerable expenditures and risk:

Americans were too absorbed in their private affairs, the American society was too heterogeneous and its attitudes were too unstable. He believed, however, that these features of the American consciousness could be neutralized with the aid of an extensive and intensive campaign for the ideological molding of public opinion. Republican Senator Vandenberg had expressed the same view in more blunt terms earlier when he informed President Truman that the country would have to be "scared to death" to secure domestic political support for the new foreign policy.

As we know, the American ruling elite followed this advice, and when G. Almond reissued his book in 1960, he happily reported that the American society had acquired a "more mature" attitude toward foreign policy, that it was displaying more uniform and stable reactions to international events and that a definite "consensus" (or agreement) had been reached in public opinion on foreign policy issues, considerably facilitating public administration. But the problem of securing sociopolitical support for foreign policy still disturbed political strategists: The "consensus," in their opinion, was too passive and not flexible enough for the 1960's, when dynamic shifts in the world balance of power were necessitating revisions in U.S. foreign policy and military doctrines.

The Kennedy Administration was responsible for a substantial increase in U.S. foreign policy activity, reinforcing this increase with the ideological molding of American public opinion: At the beginning of his presidency, Kennedy asked the Americans to be inspired by the spirit of patriotism and be prepared to "make any sacrifice and pay any price" for victory in the global confrontation with communism. The line of reasoning here was the same as at the beginning of the "cold war": The elite's greatest concern was the passivity of the public and it regarded active public support for government foreign policy as an attainable goal; purely ideological means were employed to arouse this support.

The stormy events of the next decade represent a clear turning point in the evolution of the American approach to this matter. The desire to strengthen the connection between foreign and domestic policy by means of the more active mobilization of domestic political processes in support of the foreign policy line was replaced by worries about the excessively strong, contradictory and uncontrollable connection between events inside and outside the United States.

Just before President Carter appointed him to a top State Department position, FOREIGN POLICY editor C. Maynes stated: "The transference of economic issues to the top of the diplomatic agenda is strengthening the connection between domestic and foreign affairs. More and more new groups, from consumer protection movements to local civic associations, are discovering their interest in the results of foreign policy, and the number of people demanding that their opinions be considered in policymaking is rising.... Groups once thought to play a domestic political role now have a chance to influence world politics."²

American political scientist S. Huntington, expressing the views and ambitions of conservatives, called this phenomenon an "excess of democracy" in 1975 in a Trilateral Commission report. At the beginning of the 1980's he was already

stating frankly that American would have to make a choice: It could either continue the "liberal-democratic reforms restricting the American Government's freedom of action in the world arena" or it could fight for stronger U.S. world influence, which would "require an increase in governmental power at the expense of society."³

The subject of the connection between U.S. internal development and foreign policy is now being examined in the United States from various vantage points: as a matter of priorities--that is, a matter of an economically and politically difficult choice between government expenditures on military or domestic social needs; as a matter of the domestic political implications of changes detrimental to the United States in the world economy; as a matter of the continued opposition of the majority of Americans to U.S. military intervention abroad; as a matter of the increasing public involvement in debates on nuclear policy and other strategic matters. But the fundamental and principal issue lying at the basis of these debates is the issue of the American society's interaction with the outside world, where government foreign policy represents an important factor regulating this interaction.

From the late 1940's to the middle of the 1960's, the decisive link in the interaction of social and political processes within the American society with the outside world was the policy of global expansion with the aim of "containing communism" and acquiring a dominant position for the United States in world economics and politics.

The United States' evolution into the leading power of the capitalist world and the creation of an American empire⁴ in an atmosphere of "cold war" had a profound and multifaceted impact on American society. This impact was ambiguous in each specific historical situation and throughout the entire period. For a short time, approximately until the middle of the 1960's, the policy of global expansion mainly assisted in stabilizing the domestic situation in the United States. But this "balance" was extremely unstable and strictly temporary: The development of the internal conflicts of American society continued, periodically issuing reminders of its existence and paving the way for the severe sociopolitical crisis of the late 1960's which put an end to the policy of "cold war" and the relative postwar stability within the United States.

The stabilizing effects of the policy of global expansion were felt primarily in the economic sphere. Expansion gave American capitalism qualitatively new opportunities to solve the key problem of economic growth. These opportunities included the expansion of the sales market, the acquisition of access to cheap sources of raw materials, especially oil, the transformation of the dollar into the dominant world currency and the new militarization of the economy, subordinated to the politico-military objectives of empire maintenance. The use of these opportunities under the conditions of state-monopolist capitalism allowed the American economy to escape recessions comparable in scale to the "great depression" until the beginning of the 1970's. Under these conditions, the American bourgeoisie could, without seriously jeopardizing its profits, conduct a policy of social maneuvering within the country, agreeing to some increase in the real income of part of the laboring public, some compromises with labor unions and some concessions to the demands of black Americans.

In the sociopolitical sphere, just as in the economy, the most important effect of U.S. global expansion was the dramatic augmentation of the government's role. Close interaction by corporations and the government gave rise to such politico-economic power structures as the transnational corporations and the military-industrial complex.⁵ There was a qualitative expansion of the range of government functions, including the systematic regulation of the economy, the mediation of social relations and the funding of science. Within the machinery of state, the federal government quickly grew much stronger at the expense of state and local government, and the presidency grew much stronger at the expense of Congress. The slogan of "safeguarding national security" was used as a pretext for the creation of a vast and diversified military policy establishment. Public life was bureaucratized on a scale unprecedented in America.

The development of these tendencies put new powerful levers of public administration in the hands of the ruling elite, while a strong process of consolidation occurred within the dominant class itself. The elite acquired new cohesion; the level of interaction and coordination between the top administrative links of the main corporations, the upper echelon of the machinery of state and the leadership of parties, major research centers and the mass media rose considerably. The inclusion of the upper echelon of the union bureaucracy in the elite strengthened government control of the labor movement.

The reinforcement of government and the consolidation of the ruling elite contributed to internal stability to the degree that these processes strengthened elements of control in the political system of American capitalism, but the stabilizing effect of these processes was strictly temporary: By the 1960's it was already obvious that these tendencies had not eradicated the traditional contradictions of capitalism but had only caused these contradictions to take new and ever more destructive forms.

The "cold war" had a tremendous effect on the political awareness of American society. It made militant, dogmatic anticommunism, engendered by a unique combination of fear of the imaginary "communist threat" and the traditional American idea of the United States' "special responsibility" for the development of democracy on the global scale, the center of the American political consciousness. The spread of the anticommunist epidemic put leftist forces in an extremely difficult position, paralyzed liberal criticism, diverted the nation's attention from urgent domestic problems and created a wave of chauvinism which was replaced by conservative apathy and conformity by the middle of the 1950's.

The structure of the political consciousness in the middle of the 1950's made it much easier for the ruling elite to pursue its chosen policy line: There was a fairly stable "consensus" in the country, supporting, although passively, the expansion of government's role within the United States and the policy of "cold war" in world affairs.

In this way, active U.S. global expansion temporarily strengthened the domestic political position of the ruling elite from the end of the 1940's to the middle of the 1960's, and this, in turn, gave Washington a free hand in world

affairs. It is obvious that this "balance" depended primarily on the success of expansionism. For this reason, the crisis of expansionist policy and the unfavorable changes for American capitalism in the world balance of power played a definite role in disrupting this "balance."

By the end of the 1960's the futility of the previous U.S. expansionist policy became obvious even to its most zealous supporters. The policy of "containing communism" could not stop the constant development of the socialist system or the revolutionary process in the former colonies. At the same time, Western Europe and Japan became serious rivals of the United States. The American society's weaker position in the world economy made it more "vulnerable" to the effects of external factors. In 1971 the U.S. Government had to cancel the free exchange of dollars for gold. In 1973 the United States lost its former virtually unlimited access to cheap energy resources. The American automotive, electronic, steel and textile industries began to lose their influence in the domestic market under the mounting pressure of cheaper foreign goods.

In 1977, B. Manning, then the president of the Council on Foreign Relations, an influential unofficial organization of the American ruling elite, wrote: "Although there is no question that the United States is still the greatest economic power in the world and that it (arguably) has no equal in terms of military strength, we can no longer view ourselves as Gulliver in Lilliput. In international affairs the United States is no longer capable of getting what it wants simply by asking. It now has to do as other nations do and get much of what it needs by means of bargains and negotiations, and in these negotiations it has to agree to difficult compromises and be content with half a piece or even a simple decrease in losses. History has not trained the American people for this kind of foreign policy."⁶

The American society entered a period of painful reassessment of the U.S. international role. The war in Vietnam raised the problem of the adverse effects of imperious policy in three areas. In the first place, there was the acute and most obvious problem of the scales and politico-moral validity of human losses--American losses at first, but the escalation of the war awakened the nation's conscience. Secondly, the American Government had to deal with the problem of priorities: The war offered conclusive proof that this government could not, if only for purely economic reasons, simultaneously fight aggressive wars and conduct a sound social policy within the country. Thirdly, tendencies engendered by the war, such as the increase of authoritarianism and repression in government policy and the rise of rightist extremism, naturally raised questions about the ability of American democracy to survive under the conditions of imperious policy.

The purely economic cost of the empire became particularly apparent in the 1970's. The exacerbation of crisis-related phenomena in the economy put a new perspective on many facets of the system which had taken shape during the years of "cold war." This applies above all to such phenomena as the militarization of the economy and the export of capital.

Militarization had largely lost its reputation as a stimulus of economic development. More or less influential groups acknowledging the negative

economic effects of increased military spending took shape in the 1970's on all levels of the political struggle in the United States--from the ruling elite to mass democratic movements.

The export of capital, which played such an important role in the functioning of the American empire, gave transnational corporations unlimited economic power in the 1970's. Up to that time, the government policy of actively encouraging the export of capital had not given rise to any serious domestic political conflicts, and the establishment of the TNC's not only took place in the virtual absence of opposition "on the home front," but was also disregarded by broad segments of the public. In the 1970's America suddenly "discovered" the TNC's: The new global form of the concentration of private power became the subject of heated debates and widespread discontent.

Labor unions began to issue protests against the practice of overseas investment as the "export of jobs," complicating the employment problem and jeopardizing the wages of American workers: In the race for higher profit margins, the TNC's preferred to invest capital in countries with cheap manpower, and the goods produced in overseas enterprises could compete successfully with American goods. The dissatisfaction with the negative effects of the export of capital on the competitive potential of American industry also became stronger in the segment of the U.S. business community with no large overseas investments. The energy crisis made the oil monopolies the target of public criticism, and in 1977 President Carter felt the need to resort to harsh descriptions ("robbing the American public") of their behavior. When the oil TNC's had to retreat in their confrontation with the oil-exporting countries, they forced the average American to pay for the rise in world oil prices, and this quickly evoked the natural reaction. By the beginning of the 1980's, another field of transnational business--banking--became the source of serious problems when the decade of the uncontrolled expansion of international credit led to the "dollar crisis."

Therefore, in the second half of the 1960's, the empire which had allowed the American ruling elite to strengthen its position inside and outside the United States, began to have an increasingly destabilizing effect on the American society. This process was closely related to the exacerbation of the internal contradictions of American capitalism--economic, social and political.

All of this was reflected soon in American public opinion. The authors of the scientific study, "The Changing American Voter," sociologists N. Nie, S. Verba and J. Petrocik from the University of Michigan, analyzed the results of public opinion polls from the 1950's to the early 1970's and arrived at the following conclusion: "The mood of the American public has undergone fundamental changes...as a result of the upheavals of the last two decades. The racial issue, Vietnam, urban crisis, Watergate and the economic recession of the 1970's have had a serious effect on Americans."⁷

As is often the case, the crisis-related developments in the society exacerbated conflicts within the dominant class. The leading groups of the political elite, after playing the main role in governing the country since the 1940's and relying mainly on the support of the northeastern sector of the

financial oligarchy, suffered a major fiasco in connection with the war in Vietnam. When the more liberal wing of this elite was removed from a position of power by the arrival of President Nixon in the White House, it supported the peace movement, and the Republican administration took harsh repressive measures against the "radical liberals." As a result of the subsequent Watergate crisis, the new groups of the political elite, based mainly in the southern and southwestern United States and playing the leading role in the Nixon Administration, suffered a temporary political defeat. Whereas the 1950's were marked by the consolidation of the ruling elite, the 1970's and 1980's were a period of stronger internal conflicts. The exacerbation of the struggle for influence between various groups of the ruling elite was reflected in stronger conflicts within the political machinery of state, which considerably complicated the process of government policymaking and the pursuit of policy.

The failure of interventionist policy, the rising cost of interventionism for the American society and the exacerbation of the internal contradictions of the society changed the formula of U.S. interaction with the outside world. Whereas the central and decisive link of this interaction in the period of "cold war" had been a foreign policy aimed at the creation of an empire and allowing American capitalism to strengthen its global and domestic political influence temporarily, in the 1970's the decisive link of the process was the state of American society, which curbed the hegemonic U.S. ambitions and issued insistent demands for sweeping social changes within the country.

Many American researchers and politicians admit that domestic problems have become the decisive area of U.S. interaction with the outside world. Some experts on international relations have suggested that this shift, described with the aid of the term "inward-turning," represents a general tendency in the development of the late-capitalist society. The United States, according to this point of view, is only repeating in the 1970's what occurred in Germany and Japan in the 1940's and in England and France in the 1950's and early 1960's.

American authors give the following explanations for this "inward-turning": The policy of conquest, colonialism and coercion with the aid of military strength has lost much of its effectiveness as a method of solving economic problems; the complication of domestic problems forces the government to spend more on social needs, and this has a restraining effect on military preparations; the mobilization of the internal resources of the state to solve social problems, in turn, creates new seats of domestic political conflict, diverting the energy of the nation even more from foreign policy; the increasing political activity of broad segments of the public restricts the ruling elite's freedom of action, which is particularly necessary to it in international affairs; the growth of the intelligentsia and the augmentation of its social role are contributing to the spread of antimilitarist, anti-interventionist feelings in national political thinking.⁸

The situation which took shape in the 1970's had a significant effect on American political thinking and government policy. The evolution of U.S. foreign and domestic policy from Nixon to Reagan can be regarded as a series

of attempts to find the appropriate methods of regulating an increasingly complex system of American interaction with the outside world. Several approaches to this increasingly difficult task are clearly apparent in current American policy.

In the past the main axis of the polarization of U.S. forces in connection with foreign policy matters was the conflict between "isolationists" and so-called "internationalists"--that is, between opponents and supporters of active American intervention in world affairs. This axis has certainly not lost its meaning in relation to the society as a whole, and not just to elite groups.

The "isolationist" approach to U.S. relations with the outside world is more traditional: It dates back to the founding fathers of America. The supporters of this approach, whose numbers have more than quadrupled since the beginning of the 1960's,⁹ believe that active U.S. involvement in world politics has a pernicious effect on the state of American society, and that the United States should give up its hegemonic ambitions and concentrate on domestic problems.

Judging by sociological research findings, the general question of the degree of U.S. involvement in world affairs arouses greater disagreements between the elite and the public than any specific foreign policy issue. "Isolationism" is virtually absent on the level of the elite; within the masses, on the other hand, it is most widespread among the poorest and least educated strata of American society. Some researchers believe, for example, that up to 40 percent of all black Americans can be categorized as "isolationists."¹⁰ Farmers have traditionally been an "isolationist" group.

The growth of "isolationist" feelings within the American masses is not only the result of the traumatic war in Vietnam, in which members of the lowest social strata were more likely to be drafted for military service. An equally important cause, particularly at the present time, is the deterioration of economic conditions, which many Americans associate directly with overseas events or with the actions of governments and corporations abroad (the energy crisis, the competition of foreign goods, the debt crisis). It is no coincidence that the public considers the main foreign policy objectives to be "protecting jobs in the United States," "maintaining the value of the dollar" and "securing the necessary energy resources" (in the view of the elite, the main objectives are arming and "safeguarding the security of allies").¹¹

Increasing numbers of Americans see no positive connection between their economic interests and U.S. foreign policy, do not trust policymakers and would like the government to pay more attention to the state of American society than to the state of the outside world. These attitudes are directly related to opposition to U.S. military interventionism abroad, the level of which is still quite high.¹²

A significant difference between American "isolationism" today and the isolationism of the 1930's and 1940's is that today's variety does not have its own political leadership. Today's "isolationism" on the level of public opinion is more of a social reaction to existing circumstances than a program of action.

Consequently, it can be mobilized and utilized by various groups of the elite, from conservative and extreme rightwing groups to liberal-radical ones.

The basic premise governing the thinking of virtually all elite groups is the thesis of the need for an active U.S. foreign policy. Even with this basic premise as a foundation, however, different groups take completely different, sometimes conflicting, political positions. When M. Mandelbaum and W. Schneider analyzed the views of a large group of supporters of an active foreign policy--the so-called "internationalists"--they discovered two stable wings, "left" and "right."¹³ This line of demarcation is more distinct on the level of the elite, although the full range of opinions in elite groups is more complex.

By the beginning of the 1980's, rightwing forces had gained the upper hand in American politics. Their approach to the issue of the interaction of foreign and domestic policy, similar in many ways to the policy of the "cold war" years, is distinguished by the following basic tenets:

1. American vital interests are of a global nature. The creation of a world order more conducive to U.S. political and economic activity is an essential condition for economic prosperity, social stability and the "preservation of American democracy."
2. The creation of this world order presupposes maximum freedom for the global activity of private corporations and the creation of politico-military structures to guarantee this freedom. Politico-military guarantees of the free movement of capital would include: the attainment of U.S. military superiority to the USSR, the reinforcement of the system of politico-military alliances, the active use of overt and covert force against revolutionary movements in the "Third World," a policy of "economic warfare" and an ideological offensive against the socialist countries under the slogan of "democracy vs. totalitarianism."
3. The domestic elements of this policy would include the expansion of the military sector of the economy at the expense of civilian branches and social policy, the creation of more privileges and freedom for business within the United States (deregulation, tax cuts, measures to weaken labor unions), the reinforcement of presidential authority and the institution of stricter political regulations in general, including restrictions on the freedom of the press.

Experts have called the policy of the first Reagan Administration the policy of the "second cold war." As an active factor influencing American society's interaction with the outside world, this policy is unavoidably creating new difficulties in this interaction. This policy is based on exaggerated appraisals of the capabilities of American capital, American military-technical potential and the appeal of the current image of the United States to other countries. It proceeds from obviously false beliefs about the nature of world development and contemporary international relations. It bears too much resemblance to an attempted escape from reality.

At least one facet of the problem warrants more thorough consideration--the domestic political implications of this policy. The formula of "cold war" leads unavoidably to the exacerbation of conflicts and the growth of friction within the American society. The continued militarization of the economy, the encouragement of the centralization of capital, which is of an increasingly speculative nature, the efforts to reduce the real wages of the majority of blue- and white-collar workers and the reduced government expenditures on non-military science, education, public health and the infrastructure can only compound economic problems and intensify the social polarization in the society. Social conflicts are being exacerbated by the fact that traditional sectors of the economy, including agriculture, are at the mercy of the "free market."

By compounding the nuclear threat and the possibility of the involvement of American soldiers in wars such as the one in Vietnam, the policy of the "second cold war" is creating a split in American society over the issues of nuclear policy, arms control and interventionism. Finally, the line naturally presupposed by "cold war," of limiting the "excess of democracy" and regulating the political and spiritual life of society more strictly, is provoking a series of extremely acute and intense conflicts in connection with the most sensitive aspects of American public opinion.

By 1983 the criticism of Reagan Administration policy had reached such a serious level that the administration tried to execute simultaneous maneuvers on two flanks. First of all, it began the more active and purposeful cultivation of rightwing isolationist--or, more precisely, nationalist--currents. In the Republican Party this approach is defended most actively by the "New Right." Grenada, "Star Wars," several protectionist measures and the loud rhetoric on the topic "America is back!" considerably reinforced Reagan's support by the Right and by larger groups of isolationist voters.

Secondly, the administration paid a tribute to "liberal internationalism" by agreeing to begin new talks with the USSR on arms control and by including peaceful elements in its rhetoric (but without giving up its "cold war" phraseology).

Some groups in the United States view this as a "broad and balanced" approach, within the framework of which the administration can appeal, depending on the situation, to traditional anticommunists, to those for whom a good foreign policy is "quick and decisive action" without large losses and intricate commitments to foreigners, or, finally, to those whose main concern is the threat of nuclear war and the increase in international tension.

The "balanced" approach made an impression on the voters and secured President Reagan's re-election, but certainly does not resemble a complete and carefully considered policy. The "cold war" model is still the pivotal point of administration policy. The inadequacy of this model and its internal contradictions, however, are becoming increasingly apparent. The search for other approaches is consequently being intensified.

The "New Right" has suggested the policy of so-called "new nationalism." The essence of this approach has been described by S. Francis, aide to J. Helms,

the leader of the ultra-rightists in the Senate: "Free trade, the integration of international markets and the stabilization of international relations all reflect the interests of the transnational elites dominant in the developed countries. In contrast to these, the smaller producers in the Sun Belt are demanding protection against cheap imports and access to the raw materials and resources of the 'Third World,' and they are less committed to the ideal of international stability than to the preservation of the United States' predominant position. For this reason, the foreign policy of the New Right, reflecting the interests and values of its base--the radicalized 'middle class,' the Sun Belt and new businessmen--is most likely to take the form of a new nationalism, demanding the military and economic superiority of the United States, an active (and even expansionist) policy in international affairs, at least partial protectionist measures for the defense of local producers and the much stronger resistance of Third World demands."¹⁴

Two approaches can be found on the opposite flank of the political stage: "liberal internationalism" and radical reformism.

"Liberal internationalism" suffered a major political defeat in the late 1970's, but the transfer of presidential power to the conservatives was not fatal for the liberals, and it even served as an effective stimulus for them. Retaining their belief in the indissolubility of American global and national interests, the "liberal internationalists" do not share the view of the outside world as a hostile entity and feel that agreement with this world is possible and necessary in line with the "live and let live" principle. Their view of world developments is less ideologized, more flexible and pragmatic and has strong technocratic tinges. They are much less frightened than the Right by social changes in the "Third World." They are convinced of the existence of vitally important spheres of common Soviet and U.S. interests, especially in the area of arms control.

The "liberal internationalists'" current problem is that their position seems much more sensible to the outside world than to American society. In the first place, the Right has been able to portray "liberal internationalism" as a naive ideology of "American weakness." Although the influence of this current on the Carter Administration constantly declined throughout Carter's term in office, liberals were blamed for "weakening" America and for the administration's "indecision" in the face of challenges from outside. As the 1984 elections demonstrated, the liberals have still not overcome this problem.

In the second place, "liberal internationalism" is a strictly elite current and its view of America is a view from above, from a comfortable and privileged position. The statements of the "liberal internationalists" command much more attention in the corporate elite, which values their expertise in world affairs and has an interest in preserving the possibility of productive compromises with the forces the Right is fighting with today, especially if the Right should create more problems than it solves. To the general public, however, it is less comprehensible and less interesting, and the public reaction to it is sometimes overtly hostile.

The attempts of liberals to adapt to the changing situation and to compose "new ideas" gave rise to neo-liberalism. The neo-liberals have struck at

least one chord in the public mind by discussing the issues of the nuclear threat, interventionism and the arms race. The updating of the liberal creed in this area has also had a political impact.

In matters of domestic policy, however, neo-liberalism has not found a broad social base yet. By following the conservative lead in advocating the "liberation of capital," the suppression of labor unions and the limitation of social policy, the neo-liberals are alienating the traditional segments of their own electorate suffering from "Reaganomics."

The resurgence of activity left of the neo-liberals is therefore completely understandable. The Jesse Jackson phenomenon was no less surprising in the 1984 campaign than the Gary Hart phenomenon. Radical reformism (or democratic populism) has deep historical roots in America. There have been many signs that the sociopolitical situation of the mid-1980's is favoring another rise of this current.

Radical reformism appeals primarily to the American social groups suffering from the policy of the conservatives--that is, the poorest strata and much of the "middle class," black and Hispanic Americans, working women, students and other groups. The attention of radical reformists is focused primarily on America's social and economic problems, the prospects for the resolution of which they associate with the limitation of corporate power,¹⁵ the more equitable distribution of national wealth, the expansion of government social services and other democratic reforms.

To date, the function of radical reformism has consisted mainly in the defense of positions abandoned by many liberals. Radical reformism has not attained the level of ideological and organizational maturity allowing it to take the initiative in the disorganized and weakened leftist liberal camp. In the 1980's, however, many political organizations and movements traditionally supporting the liberal wing of the Democratic Party had the choice of gradually disappearing from the political stage or finding new ideals and organizational forms to fill the vacuum in the left wing of this stage. These organizations include the progressive wing of labor unions, some black and Hispanic organizations, feminist and ecological groups, consumer advocates, local activists from among the clergy, pacifists and several other movements.

Their energetic search for a democratic alternative will sooner or later create a new catalyst of the political process on the left flank, just as this was done on the opposite flank in the 1970's by the "New Right."

The foreign policy creed of radical reformism is based primarily on its domestic political aims, which unavoidably set it up in opposition to current U.S. foreign policy. Any serious program of social reforms logically presupposes substantial cuts in military spending, the relaxation of international tension, real disarmament, a discerning reassessment of transnational capital's role in foreign policy and the support of foreign movements for social change. The institutional--or, more precisely, class--resistance of this kind of program in the foreign policy sphere is presenting radical reformism with almost insurmountable obstacles. The outcome of future battles between the

"internationalists" and radical reformists, however, is hardly a foregone conclusion because the possibility of compromises between them cannot be excluded.

The problems of regulating the American society's interrelations with the outside world are exceptionally complex and unique in many respects. It is clear that America cannot return to the cocoon of self-isolation, but it is also clear that America can no longer solve its own domestic problems at the expense of others without creating new problems for itself.

It is completely understandable that this fact is being denied by the current ruling group in Washington: After attaining political maturity during the "cold war" years, it recalls this period with nostalgia and believes that essentially the same approach can be used successfully in our time. The changes which have occurred inside and outside America in the last 30 years, however, are too great for this kind of policy to produce results. The new realities of our day are the historical impasse of policy from a position of strength; an increasingly multipolar and interdependent world, which will not fit into the Procrustean bed of East-West confrontation; the serious exacerbation of global problems, demanding immediate resolution through the concerted efforts of many countries. All of this is making harsh demands on U.S. leaders, forcing them to resort to maneuvers and concessions.

General Secretary of the CPSU Central Committee M. S. Gorbachev's meeting with U.S. President R. Reagan in November 1985 was something like a "moment of truth" for the Republican administration. After entering into negotiations with the USSR at the beginning of 1985 for primarily tactical reasons, the administration became involved in a political process with its own logic. This process, particularly after it reached the stage of dialogue on the highest level, has presented a real opportunity for the normalization of Soviet-American relations. Since this normalization meets the vital needs of today's world, the process of dialogue and negotiation is acquiring considerable strength and dynamism and is having a perceptible effect on Washington's political aims. Time will tell if the Reagan Administration is politically realistic and farsighted enough to rise above "cold war" dogmas and advance with the Soviet Union toward real measures to stop the arms race.

FOOTNOTES

1. G. Almond, "The American People and Foreign Policy," N.Y., 1967, p 3.
2. FOREIGN POLICY, Spring 1975, p 119.
3. S. Huntington, "American Ideals Versus American Institutions," POLITICAL SCIENCE QUARTERLY, Spring 1982, pp 33-34, 35.
4. The term "American empire" is used here and later in the article to denote the network of American capitalism's overseas economic interests, which took shape during the course of this global expansion and is secured by the system of U.S. politico-military alliances.

5. In the opinion of several bourgeois American authors, the "merger of corporations with government in the United States is related more directly to the cold war than in other developed capitalist countries. Business in the United States integrates with government to obtain military contracts and advance its interests abroad, whereas in Europe this process is more of a reaction to demands for social change and to the competition of foreign capital" ("Corporations and the Cold War," edited by D. Horowitz, N.Y., 1969, p 199).
6. FOREIGN AFFAIRS, January 1977, p 308.
7. N. Nie, S. Verba and J. Petrocik, "The Changing American Voter," Cambridge (Mass.), 1976, p 1.
8. "National Security and American Society. Theory, Process and Policy," edited by F. Trager and P. Kronenberg, Lawrence (Kan.), 1973, pp 260-274.
9. According to public opinion polls, the percentage of Americans agreeing with the need for reduced U.S. foreign policy activity rose from 8 percent in 1964 to 23 percent in 1976 (FOREIGN POLICY, Fall 1976, pp 20-21). This tendency continued to develop under R. Reagan. A 1982 Gallup poll indicated that 35 percent of the public believes that "it would be better for the future of the country if we did not interfere in international affairs" ("American Public Opinion and U.S. Foreign Policy," edited by J. Rielly, The Chicago Council on Foreign Relations, 1983, p 11).
10. FOREIGN POLICY, Fall 1976, p 20.
11. "American Public Opinion and U.S. Foreign Policy," p 13.
12. In 1982, 82 percent of all respondents objected to the commitment of American troops to action in the event of "a Chinese invasion of Taiwan," 80 percent--in the event of "the threat of a leftist partisan takeover in El Salvador," 70 percent--in the event of "an Arab attack on Israel," 61 percent--"if the Arabs stop deliveries of oil to the United States" and so forth ("American Public Opinion and U.S. Foreign Policy," p 31).
13. "Eagle Entangled: U.S. Foreign Policy in a Complex World," edited by K. Oye, D. Rotschild and R. Lieber, N.Y., 1979, pp 40-63.
14. "The New Right Papers," edited by R. Whitaker, N.Y., 1982, pp 77-78.
15. "As long as we as a nation cannot muster up the strength to deal with this concentration of wealth and power and make business of this type public business, we still have a long way to go before we reach ethical and political maturity. The sooner we challenge privileged interests, the better things will be for the common, average and too defenseless Americans"--from Joseph Kennedy, Jr.'s, speech at a rally in Boston in 1979 (MOTHER JONES, April 1985, p 8). In December 1985 this 33-year-old politician announced his candidacy for the U.S. Congress, thereby entering the national arena.

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U.S.-SOVIET TRADE UNDER REAGAN

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 3, Mar 86 (signed to press 18 Feb 86) pp 16-25

[Article by Ye. V. Prokudin: "The Reagan Administration and Trade with the USSR"]

[Text] The ninth general meeting of the American-Soviet Trade and Economic Council (ASTEC) in Moscow in December 1985 demonstrated the increasing interest of a large segment of the U.S. business community in expanding mutually beneficial economic ties with our country. This change in the attitudes of American business is directly related to the prospect of a change for the better in relations between the USSR and the United States, the possibility of which was created by the meeting of the leaders of the two powers in Geneva. As General Secretary of the CPSU Central Committee M. S. Gorbachev stressed when he addressed the ASTEC meeting, "we have entered an exceptionally important period in which words, intentions and political statements must be embodied in specific decisions and actions...helping to smooth out Soviet-American relations and promoting the overall improvement of the international political climate."¹ Trade, economic, scientific and technical contacts could play an important role in this process.

Official Washington's position on the normalization of the conditions of bilateral trade and economic relations on a non-discriminatory basis, however, is still essentially negative. The Reagan Administration believes that the considerable expansion of Soviet-American trade could not take place without "parallel progress" in other spheres of bilateral relations, referring primarily to matters falling under the internal jurisdiction of our country. There is also no sign that the United States is willing to change its approach to trade in advanced equipment and technology with the USSR or to facilitate the crediting of commercial transactions.

The desire to turn trade relations with the USSR into an additional lever of political pressure on our country has become a characteristic feature of the current administration's overall approach to Soviet-American relations, although there are certain differences of opinion within the administration as to the purpose and specific goals of economic pressure.

The Initial Dilemma: "Linkage" or "Economic Warfare"?

The arrival of the Reagan Administration in the White House was followed by the substantial deterioration of Soviet-American relations in the political sphere. The new administration's glaring anti-Sovietism, which was openly publicized at first, the increase in military spending, unprecedented in peacetime, in an attempt to achieve strategic superiority to the USSR, and the increased U.S. aggression in world affairs are the main causes of the dangerous destabilization of bilateral relations.

Two main premises lie at the basis of the Republican administration's policy: First of all, the USSR is viewed as the most obvious threat to U.S. vital interests and the main source of the problems the United States encounters in the international sphere; secondly, people in Washington believe that the Soviet Union is allegedly in a difficult position both from the standpoint of the international situation of the 1980's and from the standpoint of the state of the Soviet economy.

The views of the extreme right wing of the administration were reflected in National Security Directive 75, engendered in the depths of the National Security Council (NSC). The purpose of this document, according to reports in the press, was to exert "constant economic pressure" on the USSR in the expectation that this kind of action could create additional difficulties in the USSR and force it to make changes in its foreign and domestic policies. As W. Clark, the President's former national security adviser, announced in one of his speeches, "we must make our main adversary, the Soviet Union, feel all of the impact of its economic problems."²

The immediate author of the strategy of "economic warfare" against the Soviet Union, however, was R. Pipes, then an NSC staffer known for his extreme anti-Soviet views. According to the WALL STREET JOURNAL, this strategy envisaged the disruption of the construction of the Urengoy-Uzhgorod export pipeline at any cost, the limitation of export credit, the severance of the majority of commercial ties with the USSR and even, "if American farmers allow it," the curtailment of wheat sales.³ The composers of the new doctrine, trapped by their illusions about the "weakness" of the Soviet economy, believed that they had a serious chance of pressuring our country.

The viewpoint of the State Department leadership was somewhat different. The first head of the department in the Reagan Administration, A. Haig, advised that the willingness of the United States and the West in general to develop trade with the USSR be made conditional upon the display of "more responsible and restrained behavior" by our government in international affairs.

A. Haig's speeches pointed up the continuity of the characteristic fundamental postulates of the American approach to trade with our country since the beginning of the 1970's.⁴ The main one is the belief in the USSR's alleged great interest in economic relations with the United States, an interest which can be used to obtain political concessions from our country by "linking" trade with other aspects of Soviet-American relations.

The State Department's proposed approach to Soviet-American trade was described in general terms by A. Haig when he addressed the American Bar Association in August 1981, stating: "In the last decade East-West economic relations have developed quickly, but they have not restrained the use of force by the Soviet Union. The USSR has shown an interest in Western agriculture, technology, trade and finance with the aim of alleviating its current economic problems. But we (that is, the West--Ye. P.) cannot have full and normal economic relations with the Russians if they are not willing to abide by international standards of behavior."⁵

These two approaches, which naturally have no fundamental differences, were clearly apparent at the beginning of 1982, when disagreements arose within the administration in connection with the search for more effective ways of pressuring the USSR in the foreign economic sphere. The overt "hawks" appealed through Secretary of Defense C. Weinberger for the immediate expansion of the recently instituted "sanctions" (primarily with the aim of disrupting the construction of the pipeline from Siberia to Western Europe). A. Haig, on the other hand, believed that continued unceremonious attempts to disrupt the pipeline project might only lead to a split among NATO allies with undesirable implications for the United States. In place of this, he proposed that the United States concentrate on pressuring the USSR through the credit sphere, and for some time it appeared that his line, which was supported by the heads of the departments of commerce, the treasury and agriculture, would gain the upper hand.

This was attested to by the appearance of a new American tactic, taking the form of pressuring the OECD countries to force them to stop or limit the extension of government medium- and long-term credit and credit guarantees to the socialist countries, especially the Soviet Union.

In the hope of politically binding its main allies with commitments to curtail East-West credit relations, the Reagan Administration made this issue one of the main topics of discussion at the next summit meeting of the leaders of the seven main capitalist countries in Versailles in June 1982.

As subsequent events demonstrated, the extreme right wing of the administration, dissatisfied with the results of the pressure on the allies in the credit sphere, tried to extend the "economic war" against our country to their territory. Just 2 weeks after the end of the meeting in Versailles, the U.S. President announced a new series of restrictive measures with the aim of disrupting the construction of the Soviet export pipeline. This time the economic "sanctions" were aimed less against the USSR directly than against the United States' European allies.

The obvious failure of the U.S. attempts to draw the allies into the "economic war" against the USSR, a failure which became apparent quite soon, and the prospect of more pronounced discord within NATO, however, forced the administration to begin diplomatic maneuvers in search of an escape from the impasse it had created. The result was a compromise reached in fall 1982, in accordance with which the U.S. cancellation of earlier "sanctions" was linked with the conclusion by the Western countries of "an important agreement on a

program of action for a more restrictive economic policy in relations with the Soviet Union."⁶

This general wording concealed an agreement to conduct joint investigations of various aspects of East-West trade with the aim of engineering a collective strategy in this sphere.

In contrast to members of the administration, many experts in the United States itself took an extremely cautious view of the degree of unanimity resulting from the investigations in NATO with regard to strategy in trade with the East. In this context, a significant conclusion was drawn in a report of the Congressional Office of Technology Assessment: that "the allies' future trade relations with the USSR are more likely to be governed by internal imperatives in Western Europe and Japan and by world economic forces than by U.S. fears. There is no evidence that the allies are willing to give up their fundamental beliefs about East-West trade."⁷

The failure of the U.S. attempts to involve Western Europe in economic confrontations with the USSR strengthened the position of administration members advocating a more pragmatic policy line in East-West relations, specifically including A. Haig's successor as secretary of state, G. Shultz. Objectively, this also contributed to the resignation of National Security Adviser W. Clark in October 1983 and the simultaneous resignation of L. Braidy, the assistant to the secretary of commerce on trade policy, whose position in the administration was not as high but whose opposition to trade with the USSR was just as active.

Most of the opposition to trade with the Soviet Union is now concentrated in the Pentagon. The Department of Defense still has a substantial negative effect on administration policy on the control of exports of advanced equipment and technology.

Therefore, by the end of the current administration's first term in the White House, the confrontation with reality had made its trade policy more moderate. The so-called new approach to relations with the USSR, announced at the beginning of 1984, also envisaged, according to American officials, the establishment of "a more constructive working relationship" with our country, including the improvement of the trade situation.

Washington has maintained the impasse it created in the efforts to normalize the conditions of mutual trade but is now advocating increased trade in so-called non-strategic goods, thereby pursuing two goals: first of all, the promotion of the exports of American industrial companies, which are obviously disturbed by the almost complete loss of their position in the Soviet market and, secondly, the enlargement, so to speak, of the material basis for the policy of "linkage," stubbornly refusing to acknowledge its obvious ineffectiveness in relations with the Soviet state.⁸

Attempts at Economic Pressure on the USSR

An extensive campaign to prevent the sale of advanced equipment and technology to the USSR which, in the opinion of the United States, might help to

strengthen its military potential, has become a characteristic feature of the current administration's policy. Furthermore, the American side is deliberately trying to give this an extremely broad interpretation by including products and technology for purely civilian purposes on the lists. A remark by former Under Secretary of Commerce for International Trade L. Olmer is indicative of the administration's position: "The transfer of vitally important Western technology and equipment to the Soviet Union has directly influenced the growth of Soviet military strength, especially in the last 10 years."⁹

Besides this, some people in the United States, without taking any trouble to find evidence to support their lies, are also trying to portray the trade in high-technology goods with the Soviet Union as something just short of the main cause of the...unprecedented growth of the American military budget. In particular, Assistant Secretary of Defense R. Perle asserted, according to the NEW YORK TIMES, that the United States has already had to pay "tens of billions of dollars" for defense to "compensate" for Western technology previously acquired by the Soviet Union.¹⁰

This naturally raises questions about the reasons for Washington's sudden anxiety over the trade in advanced equipment and technology between Western countries and the Soviet Union. Could it be that the cumbersome U.S. export control mechanism and the system of multilateral export control created at the insistence of the United States during the "cold war" years in the form of COCOM, which, incidentally, continued to function during the years of detente, have suddenly turned out to be ineffective?

It is more likely that the issue here is something quite different. It is certainly no coincidence that the campaign to limit the trade in advanced technology, generated by the Pentagon, coincided with an unprecedented peacetime buildup of U.S. military strength. Under these conditions, the line of complicating Soviet access to Western technology to the maximum on the pretext of struggle against a high-technology "drain" is an organic part of the American "big strategy," within the framework of which economic relations with the USSR are essentially viewed as an extension of military rivalry.

This was accompanied by an administration-inspired campaign in the United States to discredit and intimidate (mainly through prosecution for "violations" of export control legislation) the members of the business community who have continued to maintain trade, scientific and technical contacts with Soviet foreign trade organizations.

Export control laws were amended to increase the fine, instituted by the administration for "national security" reasons, for violations of export control laws 10-fold, to 100,000 dollars, while a company committing a serious violation could be fined up to a million dollars. In 1982 the U.S. Customs Service began its so-called Operation "Outflow"--an extensive program of measures to control export shipments of advanced equipment. The value of confiscated freight just during the first year of the operation rose to 56 million dollars, or more than six times the value in 1981. The

departments of defense and commerce have launched special propaganda campaigns, particularly in connection with computer sales, to urge self-control and voluntary restrictions on American firms in this field.

It must be said that many unbiased experts in the United States believed from the very beginning that the fears about the sales of the latest equipment and technology to the USSR were unfounded. In a series of articles in the NEW YORK TIMES dealing specifically with this issue, the opinions of authorities were quoted, and they were in sharp contrast to statements by administration spokesmen. In essence, they said that "not one of the technologies sold to the Soviet Union to date has led to a serious shift in the military balance.... The Soviet Union is capable of eventually manufacturing its own versions of virtually everything it buys from the West."¹¹

In general, the assumption that the USSR would depend to any extent at all on imports of technology from capitalist countries to secure its defense requirements is highly naive. As General Secretary of the CPSU Central Committee M. S. Gorbachev noted in his TIME magazine interview, "those who talk about the USSR's alleged consuming passion for American technology are overlooking what our country represents today. It became a great scientific and technical power long ago, after it won technological independence after the revolution."¹²

The facts testify that the scales of high-technology trade between the USSR and the West have been more than modest by any standards.¹³

The large facilities for which equipment has been purchased from the United States in the last decade include plants for the production of ammonia, freight vehicles, iron ore pellets, acetic acid, industrial tractors and equipment for the production of household appliances and baby food. Imports of road construction equipment and crushing and grinding equipment for mineral extraction have also been substantial.

Imports of machines and equipment from the United States began to decrease dramatically in the second half of the 1970's. After reaching their peak of 621 million rubles in 1976, they decreased to 311 million in 1980 and totaled only 137 million in 1984. Furthermore, more than half of all recent imports have been spare parts for previously delivered machines and equipment. Since the end of the 1970's virtually no large orders for complete sets of equipment have been placed in the United States, although projects covering a broad range were being negotiated actively with American firms prior to the so-called "Afghan sanctions," and some of these negotiations (particularly with Armeo Steel and Alcoa) had almost been finalized. The causes of this situation were the stricter controls imposed by the U.S. administration on exports to the USSR in the second half of the 1970's, the refusal to extend export-import bank credits to American companies and the loss of confidence, as a result of the policy of "sanctions," in these companies as reliable suppliers.

In the middle of the 1970's the United States was already urging the OECD countries to standardize their policy on credit for exports of machines and equipment and to conclude agreements for the purpose to lay down the basic

terms of export credit--that is, repayment schedules, minimum interest rates and down payments.

An OECD agreement of this type, termed a "consensus," went into effect in April 1978. By the terms of this agreement, countries receiving credit were divided into three groups on the basis of per capita GNP: the so-called "rich countries" with a per capita GNP of over 4,000 dollars; "poor countries" with under 624 dollars; and the "middle" group of states, in which the USSR and the rest of the socialist countries were included. The "consensus" initially set interest rates for the USSR at 7.25 percent for medium-term credit (2 to 5 years) and 7.75 percent for long-term credit (5 to 8.5 years), on the condition of a down payment representing at least 15 percent of the credited amount.¹⁴

Despite the fact that the OECD interest rates were raised twice by the beginning of 1982 at the insistence of the United States, they were still far below the cost of credit on the private market, especially in the United States.

The current administration's most far-reaching proposals, such as the complete refusal to extend new credit to the Soviet Union or the establishment of quotas in this sphere, were resolutely rejected by its allies. At the OECD conference in May 1982, however, the United States was able to impose a decision on the members of this organization which actually prohibited the extension of government credit on preferential terms to a number of socialist countries in the future.

A compromise transferred three socialist countries--the USSR, GDR and CSSR--from the "middle" group of borrowers to the "highest" category, which meant a significant rise in the cost of the new credit extended to them by Western countries. The new rates for the group of "rich" states were set at 12.15 percent for medium-term credit and 12.4 percent for long-term credit. Furthermore, export credit for a term of over 5 years is now extended to "relatively rich" countries only in exceptional cases and with the approval of the OECD leadership.

In October 1983 fundamental changes were made in the terms of the "consensus" with regard to the procedure for setting minimum interest rates and the extension of export credit in foreign currencies. In accordance with these changes, the automatic revision of minimum interest rates on the basis of changes in SDR rates (the Special Drawing Rights of the International Monetary Fund), defined as the average interest rate on long-term government securities in the currencies on which the SDR exchange rate is based, was instituted in January 1984. The minimum rates of the "consensus," after reaching their highest point in all the years since the agreement was concluded in the second half of 1984 (13.6 percent for "rich" countries and 10.7 percent for "poor" ones), have recently been dropping.

Another important element in the development of the "consensus" was the extension of export credit in currencies with low interest rates in the corresponding national capital markets--the so-called LIRC (Low Interest Rate Currencies) option--since October 1983. It now includes the Japanese yen, the West German mark, the Swiss franc and a few other currencies--nine

in all. The interest rates of the LIRC option have usually been lower than the minimum "consensus" rates. Despite the fact that this has essentially given several countries a chance to depart from the standard policy of "expensive credit" in trade with socialist countries, the United States had to agree to the LIRC option under pressure from other OECD countries. As a result, exporters and export financing banks can choose the credit extension option with the lowest current interest rate on the required currency.

In general, it is true that the Reagan Administration was able to impose some restrictions on the crediting of exports to socialist countries on its allies in the first half of the 1980's, mainly by raising the cost of government credit. This was accompanied, however, by the obvious reluctance of the United States' partners to deprive their exporters of a means of enhancing their competitive potential as sound as the government financing of trade.

It is also obvious that the participation in the stricter control of exports of advanced equipment and technology to socialist countries, imposed by the current administration on its allies on the specious pretext of concern about the West's "security," entails the unjustified refusal of the tangible benefits of trade and economic cooperation with these countries and puts West European and Japanese companies in a weaker position than their American competitors.

Results and Prospects

How is the current administration's trade policy actually influencing the volume and structure of trade between the two countries? Judging by statistics, Soviet-American trade seems to have been largely insulated from the unfavorable trends in the sphere of trade policy because it has been expanded.

Trade between the two countries has doubled since 1980 and totaled 3.1 billion rubles in 1984, exceeding the previous maximum (2.8 billion) level of 1979. The United States ranked fifth among the developed capitalist countries trading with the Soviet Union.

But this is only the quantitative side of the matter. A closer examination of the structure of mutual trade points up the fact that the dynamics of commodity exchange depend exclusively on the volume of agricultural products purchased in the United States, primarily grain. This group of commodities accounted for 60-80 percent of mutual trade in the 1980's, and the Reagan Administration has displayed a constant interest in expanding exports of these commodities to the USSR for domestic political and economic reasons. In our opinion, however, there is hardly any reason to speak of the existence of a healthy basis for any kind of stable development of bilateral trade at a time when its volume depends almost completely on a single commodity, the demand for which is naturally subject to considerable fluctuation.

As for other elements of commodity exchange, they are essentially in a state of stagnation. Non-agricultural U.S. exports have remained at the level of around 500 million rubles a year. These primarily include industrial raw

materials and semimanufactured goods, mainly superphosphoric acid, used in the production of liquid compound fertilizers. As we mentioned above, the percentage of machines and equipment, once occupying the leading place in non-agricultural imports from the United States, in this group of commodities is declining (to one-third in 1984).

Soviet exports to the United States have totaled around 300 million rubles a year in the last few years, approximately one-tenth of the cost of imports from this country. Their limited variety is largely a result of the absence of the most-favored-nation status in bilateral trade. As a result, Soviet foreign trade organizations have had to limit their sales on the American market to duty-free goods or goods with nominal duties. Since the customs duties on goods imported by the United States rise according to their degree of processing, the sale of many Soviet finished items, primarily machines and equipment, is now unprofitable.

Additional difficulties in operations for the American market are created by accusations of dumping, export subsidies and "market violations," which are being used more and more frequently by protectionist groups as a means of restricting competition. Just in the last few years, accusations of this kind have been made about shipments of ferrosilicon, potassium chloride and titanium sponge to the United States.

Obstacles set up to block Soviet exports directly as a result of the U.S. rightwing-fueled hostility toward the USSR warrant special consideration. These include the contrived demands periodically advanced in the Congress for a ban on imports of several Soviet goods allegedly manufactured with the use of so-called "forced labor," the bans imposed by several state governments on the sale of Soviet vodka in the retail network (the last wave of these rose in fall 1983, after the well-known incident involving the South Korean airplane) and the politically motivated refusal of local authorities to use state government funds to purchase Soviet tractors and power engineering equipment at public auctions, which recently occurred in the states of Mississippi, Louisiana and Washington.

At the same time, the long-term compensatory agreements concluded in the first half of the 1970's with Occidental Petroleum (on mutual deliveries of chemical products, including some in payment for equipment shipped from the United States) and Pepsico (on the sale of Soviet vodka in the United States to pay for purchases of Pepsi-Cola concentrate and bottling equipment) are having a definite stabilizing effect on the volume of bilateral trade. Deliveries made in line with these agreements account for around a third of the bilateral trade in non-agricultural goods.

The mutual advantages of the long-term agreements, despite the fact that even these were not devoid of complications in the sphere of trade policy, are attested to by the intention of the two sides to continue and expand their commercial relations. The American business community's interest in normalizing and expanding trade with the USSR was discussed by A. Hammer when he spoke with N. I. Ryzhkov in the Kremlin. He also touched upon a number of specific aspects of the development of cooperation between the Occidental Petroleum company he heads and Soviet organizations.

It is obvious, however, that in terms of structure and volume, Soviet-American trade today falls far short of the potential of the two strongest economic powers in the world. Suffice it to say that the U.S. volume of trade with our country is approximately equal to U.S. trade with Norway and half as great as U.S. trade with Switzerland. Correspondingly, the U.S. share of our country's foreign trade is also negligible, amounting to 1 or 2 percent.

Some members of the administration are now implying that progress in bilateral trade is lacking almost through the fault of the Soviet Union, which is supposedly "discriminating" against American companies in the placement of orders, primarily for machines and equipment, in capitalist countries. The following example provides sufficient proof of the pharisaical nature of these "complaints."

American business groups are known to have displayed a particular interest in possible participation in several large-scale oil and gas drilling projects in the USSR. This interest was specifically reflected in a decision adopted at the annual ASTEC meeting in New York in May 1984 on the organization of a special exhibit in Moscow for American firms connected with power engineering and environmental protection. The exhibit was planned for fall 1985 and the council performed a great deal of work in preparation for it. The position of the administration, however, essentially made the exhibit impossible. This example conclusively shows which side is still impeding participation by American firms in one of the potentially most promising fields of Soviet-American commercial cooperation.

It is particularly important to remember that our placement of large orders for industrial equipment, especially those entailing the "full-stage" construction of facilities by foreign firms, assigns top priority to guarantees of the total fulfillment of obligations by Western firms.

The Soviet side has repeatedly stressed that we treat U.S. firms as serious business partners. This is confirmed by the study conducted with American companies of the possibility of their participation in several large-scale projects scheduled for the 12th Five-Year Plan. In particular, these include projects in the chemical and petrochemical industries, light industry, the pulp and paper industry, oil and gas extraction and branches of the agroindustrial complex. Of course, the actual results of negotiations will depend not only on the competitive bids submitted by U.S. firms, but also to a considerable extent on the conditions the American administration will establish for mutual trade.

The events of recent years have shown that the U.S. efforts to reverse the development of the USSR's mutually beneficial economic cooperation with Western countries, just as the attempts to make it conditional upon political demands, have failed. After a slight decline in the early 1980's, East-West trade continued to develop. Nevertheless, it is clear that the restrictions the United States has imposed on its allies in the credit sphere and in the export of advanced equipment and technology are having an adverse effect on the conditions of commercial cooperation.

As for bilateral trade relations, the USSR and the United States certainly could get along without the small volume of mutual trade that exists today. In fact, this was the case during most of the history of our relations. We can only wonder, however, whether this is normal from the political standpoint.

If the goal is a truly strong and stable relationship between the USSR and the United States, capable of securing a reliable peace, its foundation must include developed commercial relations. There are no objective economic factors impeding the establishment of stable and extensive trade and economic relations between our countries, corresponding to the potential capabilities of the two leading industrial powers in the world. Since the main obstacles blocking the expansion of economic cooperation have been erected by the American side and are of a political nature, it is obvious that the entire matter now depends on the United States.

As for the Soviet side, as General Secretary of the CPSU Central Committee M. S. Gorbachev stressed during his recent talk with U.S. Secretary of Commerce M. Baldrige, it is completely serious about the agreements reached in Geneva and will strive for the improvement of the overall atmosphere and content of Soviet-American relations on the basis of mutual respect and complete equality without any kind of discrimination.... All of this also applies completely to the trade and economic sphere.¹⁵

FOOTNOTES

1. PRAVDA, 11 December 1985.
2. FOREIGN AFFAIRS, Winter 1982/83, p 272.
3. THE WALL STREET JOURNAL, 21 June 1982.
4. See, for example, V. A. Yulin, "The Policy of 'Conditional Flexibility' in Trade with the USSR," SSHA: EPI, 1980, No 6, pp 27-37.
5. "Secretary of State Haig's Address to the American Bar Association, Official Text," 12 August 1981, p 10.
6. THE NEW YORK TIMES, 14 November 1982.
7. "Technology and East-West Trade, An Update," Office of Technology Assessment, Wash., 1983, p 7.
8. This approach, envisaging reliance on trade in non-strategic goods as a means of attaining foreign policy goals, was advocated by the State Department back in 1981. M. Rashish, then under secretary of state for economic affairs, said during senate hearings: "If the USSR behaves responsibly and with restraint in the international arena, we will be willing to continue and expand the mutually beneficial trade in non-strategic goods.... Even in the sphere of non-strategic trade, however, we cannot separate our policy from the general behavior of the USSR"

("Testimony of M. Rashish, Under Secretary of State for Economic Affairs, Before the Senate Committee on International Economic Policy," 16 September 1981, p 4).

9. "Prepared Statement of L. Olmer, Under Secretary for International Trade Administration, Before the Subcommittee on International Economic Policy and Trade, House of Representatives," 5 April 1983, pp 2-3.
10. THE NEW YORK TIMES, 2 January 1985.
11. Ibid.
12. PRAVDA, 2 September 1985.
13. "Quantification of Western Exports of High Technology Products to Communist Countries, U.S. Department of Commerce," January 1981, March 1983.
14. BIKI, 2 April 1985, p 2.
15. PRAVDA, 11 December 1985.

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AMERICAN INDUSTRY IN WORLD HIGH TECHNOLOGY MARKET

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[Article by N. P. Shmelev; passages rendered in all capital letters printed in boldface in source]

[Text] Contemporary international life is distinguished by revolutionary changes in the material and technical conditions of human existence. The world is gradually being drawn into a new stage of scientific and technical progress, the content and consequences of which make it a truly complete technological revolution in the development of society's productive forces.

These changes are having profound and varied effects on the contemporary capitalist economy. The leading capitalist countries are now undergoing a process of intense structural reorganization and the transfer of their main industries to a new material and technical base. This process has been engendered primarily by the rapid development of science-intensive, highly technological industries, resting on the outstanding achievements of modern science and technology in such fields as nuclear technology, the aerospace industry, the production of computers and software, microcircuits and microprocessors, automatics, robot engineering, lasers, optical fibers, telecommunications, precision chemical technology and bioengineering. The leaders in technological progress in the world capitalist economy are still just a few industrial states. The OECD countries now account for around 98 percent of all R & D expenditures in the capitalist world, while the share of the developing states is only 2 percent.

Scientific and technical progress has also given rise to far-reaching changes in the nature of contemporary international economic exchange. Despite the continued importance of traditional commodity flows, the exchange of the complex high technology products of new and advanced branches of the processing industry are playing an increasingly perceptible role in world trade. Today high technology products--that is, products with R & D expenditures representing, according to standard Western criteria, at least 3.5 percent of their cost--account for around 125 billion dollars of the 2 trillion dollars of world capitalist exports. The share of the industrial Western capitalist countries in world exports of high technology products now exceeds 90 percent. In addition, the same countries are the largest world importers of these products, absorbing more than 50 percent of all world imports.

By virtue of the objective conditions of the development of productive forces, the transition to a new phase of scientific and technical progress is not, and cannot be, a direct and uniform process. This applies to individual national economies and to the entire world capitalist economy as a whole. Uneven development is organically inherent in the very nature of capitalism. "Any type of capitalist production," K. Marx noted, "would be completely impossible if it had to develop in all spheres SIMULTANEOUSLY and UNIFORMLY."¹

There is a constant change of leaders--whether individual companies, industries or even whole countries--in the national economies and in the world capitalist economy as a whole. Experience has shown many times that continuous struggle, the race to catch up with the leader and the rise and subsequent fall of various world producers and their replacement by others constitute an objective law and universal standard in the capitalist economy, which is based on competition. The transfer from "free" to monopolist competition augmented its scales, heightened its intensity and changed its forms and duration, but did not change its essence. "COMPETITION," K. Marx wrote, "is nothing other than CAPITAL'S INNER NATURE, its substantive definition, reflected and accomplished in the interaction of many capitals."²

In the first postwar decades, the United States' dominant position as the leader in scientific and technical progress in the capitalist world was indisputable and self-evident. The war rid the United States of serious competition, but not for long, as subsequent events demonstrated. The economic recovery of Western Europe, the industrial breakthroughs of Japan and the vigorous expansion of American transnational corporations, including their penetration of the economies of the United States' main competitors in world markets, considerably changed the situation. Between the middle of the 1960's and the end of 1983, labor productivity increased 1.5-fold in the United States, 3.4-fold in Japan and more than 2-fold in the FRG, France and Italy.³ Between 1978 and 1983 labor productivity rose only 0.6 percent a year in the United States, while it rose 3-4 percent a year in Western Europe and Japan.⁴ As a result, the majority of the United States' economic rivals, which had an indicator only one-fifth to one-half as high as the U.S. indicator in 1950, had already almost closed the gap by the beginning of the 1980's. In 1982, labor productivity had reached 95.5 percent of the U.S. level in France, 93.8 percent in the FRG and 74.5 percent in Japan. The most important evidence of the stronger position of America's rivals is their growing share of the constantly expanding world markets for the products of the processing industry and their mass penetration of the just as rapidly expanding U.S. domestic market, where the share of foreign suppliers more than doubled in the past decade. This is hardly a valid basis, however, for the assumption that the U.S. role in contemporary scientific and technical progress has grown weaker. This has never been a field in which the advantage of one is necessarily the disadvantage of another. Scientific and technical progress is unlimited in scales and intensity, and if a new leader should appear in one or several fields of this progress, this does not mean that the previous leader has lost his world economic position. Usually the previous leader simply moves on to new areas, considering the fact that these are making their appearance virtually every year, if not every day.

The world spectrum of scientific research and technical development is constantly expanding, and there is probably no country today that could develop with equal success and equal effectiveness in all fields of scientific and technical progress. Under the conditions of intensive international exchange and growing economic interdependence, the scrapping of some national production units and, conversely, the intense development of others are common occurrences. In just the same way, a higher percentage of imports in the consumption of a product in a country does not testify at all to the loss of its international competitive position. The old principles of international division of labor still apply today: What is important is not what and how much a country imports, but what and how much it sells on foreign markets, the degree to which its exports are in the mainstream of international trade and its potential in international competition.

For American monopolies, the 1970's were a period of the agonizing reassessment of values, when they had to finally acknowledge, and acknowledge in full, that they were not alone in the world. Their Japanese and West European rivals, whom the United States had regarded with unconcealed contempt for a long time, reached the American scientific and technical level in many fields of mass production and even surpassed it in some. The U.S. reaction to this changing situation was particularly painful and simultaneously aggressive. There was a perceptible increase in R & D expenditures in the United States, the acceleration and intensification of the reorganization of the country's industrial potential in favor of high technology industries, and the appearance and development of new methods of stimulating scientific and technical progress. Today the United States spends approximately the same amount on R & D as all of its main competitors in the capitalist world combined. Its scientific and technical potential essentially surpasses the combined potential of all other capitalist countries. The positive U.S. balance in high technology trade has remained quite high. As Soviet economists V. Kudrov and Yu. Bohrakov noted, "the U.S. position in the capitalist world now seems to be growing stronger again. Furthermore, the United States has launched a fierce economic attack on its allies."⁵

The Distinctive Features of Scientific and Technical Progress in the Leader-Countries

The present and future U.S. capabilities in this onslaught are closely related to the very nature of the American model of scientific and technical progress. History tells us that scientific and technical progress in a country can develop according to the "pioneer" pattern, the "imitative" pattern or a combination of innovative research in some fields and extensive scientific and technical borrowing in others. It is true that, according to Soviet economist V. Martsinkevich, "a common trend of the 1970's and 1980's has been the equalization of the value of personal and borrowed sources" of scientific and technical achievements.⁶ It appears, however, that this equalization is of much greater significance in the division of markets for already mastered and mass-produced goods, and not in the creation and conquest of markets for promising products, which are still in the idea or development stage but have indisputable promise for the future.

Contemporary scientific and technical progress in the United States is essentially based on its own "pioneer" research and development projects in virtually all of the leading "high technology" industries. This was the case in the first postwar decades and it is the case today: Despite the dramatic intensification of inter-imperialist competition, not one of the United States' rivals has been able to surpass it in the most promising fields of R & D, establishing the economy of the 21st century. The inundation of the American domestic market with imported high technology products (particularly consumer goods) and the more extensive use of articles, parts, components and designs of foreign origin by American corporations must not be misinterpreted. The internationalization of production (perhaps the most characteristic world economic trend of our day) creates precisely this kind of situation, in which the use of foreign material and technical resources to satisfy the domestic needs of a country is a common, ordinary practice or, in other words, a constant and completely natural factor in the national process of reproduction. Under present conditions, economic, scientific and technical independence do not preclude, but rather presuppose increased interdependence in many areas, including the main ones. After all, the main thing is how symmetrical this interdependence is, and in whose favor the balance is tipped if it is asymmetrical. For example, at the beginning of the 1980's West European and Japanese companies combined did not control even one-tenth of the domestic electronic market in the United States.⁷ It is obvious that this adds immeasurably to the significance of the fact that around 90 percent of the computers now used in Western Europe and Japan were designed by American firms or their overseas branches.

In contrast to the United States, Japan's scientific and technical progress in the 1960's and 1970's was largely "imitative." It is significant, however, that the potential for the mass imitation of foreign scientific and technical experience did not arise in a vacuum in Japan: Before and during World War II, Japan was able to create a powerful military-industrial complex, including virtually all of the main branches of heavy industry. Later, beginning approximately in the middle of the 1950's, scientific and technical progress in Japan could probably be divided, for the sake of simplification, into three stages: the first, "catching-up" stage--mass imports of foreign, primarily American, technology, but always with its subsequent qualitative improvement; the second, beginning somewhere in the early 1970's, the stage of the "marathon strategy"--that is, the attempt to keep up with the leader, but to stay behind him all the way and then take the lead with a powerful burst of speed at the finish line;⁸ finally, the third and current stage, when the Japanese Government and industrial monopolies decided to achieve scientific and technical superiority in a number of main high technology industries and to launch their own research projects in a broad range of basic and applied fields of science.

In the three postwar decades Japan has spent just over 10 billion dollars on the purchase of foreign technology, "which American and European companies were only too eager to sell it.... But now it can no longer rely on the West to secure the scientific breakthroughs on which its present success is largely based."⁹ Incidentally, the relatively modest absolute amount of Japanese expenditures on imports of foreign technology is noteworthy: In the 1960's

and 1970's they were much lower than in the FRG, not to mention France. This probably provides more evidence that the main thing is not the expenditures themselves, but the effectiveness with which they are used to modernize the industrial potential of a country and secure its ability to accelerate scientific and technical progress.

The leading countries of Western Europe have a common strategy of conducting their own in-depth research in the most promising fields of science and technology and simultaneously borrowing extensively from American experience, and from Japanese experience in recent years. The West European countries have considerable scientific and technical potential and strong research traditions. We should not forget that Germany, for example, was the world leader in the majority of branches of machine building, electrical engineering and chemistry in the 1920's and 1930's. All of the postwar years, however, were no longer a period of leadership for Western Europe, but a more or less successful reduction of its lag behind the United States, including reduction through the use of the capital and scientific and technical expertise of American TNC's in the promising branches of national industry. There is no question that the lag has been reduced, but it certainly has not disappeared. Today it is still difficult to point to any promising high technology industry in which the national or collective capabilities of West European countries surpass the capabilities of their stronger competitors--the United States and Japan.

Even the attempts of England and France to emulate the American--that is, independent--model of scientific and technical progress could not secure them a leading position in nuclear power engineering, the aerospace industry or the production of computers and semiconductors. For example, during all the time since the start of the production of the Concorde, they have only sold 16 of these planes. More than 80 percent of the modern information equipment installed in Western Europe (computers, equipment for communication systems, data processors, etc.) was produced either by American companies or with American licenses, and only 7 percent are items from the FRG and England. Around two-thirds of the integral circuits used in Western Europe are of American or Japanese origin. American producers now account for more than 80 percent of all the personal computers sold in Western Europe, and Japanese firms account for 90 percent of the video cassette recorders sold there.¹⁰ This suggests that the most important role in the present process of structural reorganization in the West European countries is being played, at least during the current phase, not by their own achievements, but by their use (imitation and subsequent improvement) of foreign scientific and technical experience, which has already allowed several branches of West European industry to considerably enhance their competitive potential in world markets.

Another distinctive feature of scientific and technical progress in the United States is its strong connection with the needs of the military-industrial complex. The U.S. leadership in such branches as the aerospace industry, computers, semiconductors and nuclear technology is largely a result of the concentration of scientific research and its mass financing by the Defense Department, NASA, the Atomic Energy Commission and others. Military R & D now account for one-third of all U.S. expenditures on science. At the same time, the excess of military research and the difficulty of transferring

technology from the military to the civilian sector are among the main reasons for the United States' weaker position in branches of mass high technology production. As Japanese economist M. Moritani noted, "If the impact of the investment of 100 billion dollars in military space programs is compared to the result of investments of 30 billion dollars in R & D directly in the sphere of consumer goods, the return on the latter investment will be much higher."¹¹ For example, in terms of technical parameters, military electronics in the United States have far surpassed the industrywide level and are, according to estimates, 10 years ahead of it.¹² In the world markets for high technology products, however, the goods of civilian industries have always been of much greater value than the products of military branches, and it is precisely in these markets that the successes of the United States' main rivals have been particularly noticeable in the last 10-15 years. Assessing the comparative competitive potential of the United States and other leading capitalist countries, renowned American economist J. Galbraith noted that "the difference is that the Germans and Japanese use their capital to replace old enterprises manufacturing civilian goods with new and better enterprises. The United States, on the other hand, spends much more of its capital on unproductive military objectives with little or no industrial value."¹³

In the 1960's and 1970's military R & D expenditures represented 0.01 percent of the GNP in Japan, while expenditures on civilian research represented 1.29 percent of the GNP in 1963 and 2.03 percent in 1980. In the FRG the percentage of military R & D expenditures decreased from 0.14 percent in 1963 to 0.12 percent in 1980, but the figure for civilian expenditures rose from 1.26 percent in 1963 to 2.15 percent in 1980. It is indicative that these two countries already had a positive balance in the trade in high technology products with the United States by the end of the 1970's, primarily accounted for by household electronics and deliveries of electronic components for the products of some American high technology industries. The achievements of two other leading capitalist powers, England and France, were much more modest in this sphere. Between 1963 and 1980 military R & D expenditures in England rose from 34 percent of all its expenditures on science to over 39 percent. In France the figure decreased from 27 to 22.5 percent during these years, but it was still much higher than the level in Japan and the FRG. It appears that the R & D expenditure patterns resembling U.S. patterns are among the main reasons for the relative weakness of the competitive positions of England and France in world markets: According to some estimates, England ranked 13th and France ranked 15th among the 22 industrial capitalist countries in terms of competitive potential in 1981.

State-monopolist methods of intensifying scientific and technical progress in the industrial capitalist countries have always been distinguished by great diversity, but in each country they are based on a certain combination of extensive government support for scientific, primarily basic, research and energetic activity by the private sector in the sphere of R & D and the creation and mastery of new types of products. The American "pioneer" model of scientific and technical progress is distinguished primarily by a high percentage of government expenditures, now representing almost half of all national R & D expenditures. It could be said that government contracts and

government-funded research organizations constitute the basis of contemporary American scientific and technical potential. Despite the stronger neoconservative tendencies in the American economy, there is reason to believe that the role of government in the organization and stimulation of scientific and technical progress in the United States will be augmented, and will not decline, in the future. The American scientific community, disturbed by the challenges of competitors, are now demanding, for example, not merely an increase in government financing, but also some kind of national plan for the creation of computer systems of the future.¹⁴

All of this, however, certainly does not mean that American corporations are less active in the development and incorporation of new equipment and technology. A case in point is the rapid spread in recent years of such primarily American methods of accelerating scientific and technical progress in the private corporate sector as "venture capital" and small "venture firms." These new methods are supplementing, and not supplanting, the traditional role of corporations in the sphere of science and technology: "In essence, small research firms represent a superstructure above the intraorganization scientific activity of industrial concerns. The scientific resources concentrated in them are the foundation on which this superstructure is erected."¹⁵

Contrary to popular beliefs, the financial role of the government in the acceleration of scientific and technical progress in Japan is much less perceptible than in the United States. Government expenditures have accounted for around a third of all R & D costs. The Japanese model is distinguished not only, and perhaps even not so much, by the government organization and financing of scientific research as by a government with a directing and guiding role, having enough powerful administrative and economic levers (subsidies, tax benefits, depreciation norms) at its disposal to motivate and, when necessary, force corporations to develop specific fields of R & D rather than others. Apparently, this policy was most consistent with the "imitative" model of scientific and technical progress in its most productive version: first in the steel, automotive, shipbuilding and chemical industries and the production of watches, radios, TV sets and toys, then in the new science-intensive branches of mass high technology production and, finally, today, now that Japan is entering the stage of independent scientific and technical progress, this symbiosis of government and private corporations is being used for the joint development of the most promising fields of research, establishing the economy of the future. Japan's new scientific and technical strategy is based on 11 government programs for the 1980's. In these programs, direct government efforts, exercised through universities and research centers, are combined with various forms of encouragement of the private sector to stimulate research in this sector and motivate the more effective use of the "country's main advantage in the scientific and technical sphere--the rapid incorporation of R & D results in production."¹⁶

Government's share of R & D expenditures in the West European countries ranges from 43 percent in the FRG to 52-53 percent in France and England. In addition to financing universities, government and non-profit private research organizations, a large part of government R & D expenditures in these countries is used for subsidies and other forms of financial incentives

in the private corporate sector. For example, more than 40 percent of all government allocations in the FRG are placed at the disposal of the private sector, covering around 17 percent of its R & D costs. In England the government finances 32 percent of the private sector's R & D in the processing industry, including figures of 72 percent in the aerospace industry and 53 percent in electronics, while the figure is only 4-6 percent in lower-priority branches (general machine building and the automotive industry). In recent years some EEC countries have even displayed a tendency toward increased government support of the few "venture firms"--a tendency which is still timid and hesitant because West European industrial traditions still assign preference not to risk or innovation, but to the protection of operating capital, thereby heightening its immobility and conservatism.

It is obvious, however, that the programmed, statewide approach to the acceleration of scientific and technical progress is now acquiring greater significance in the EEC countries, even in those where neoconservative, market methods of solving economic problems are again taking the fore. It is also indicative that the programmed approach is already acquiring an international, and not simply national, character in some fields. For example, the EEC countries are displaying considerable interest in the 10-year European strategic program of R & D in information equipment, half of which is to be financed by the EEC budget, envisaging the united efforts of hundreds of government and private laboratories in the countries participating in this program for development in such fields as microelectronics, software, data processing, office equipment and the comprehensive automation of production.

Competition: Methods, Results, Prospects

As a rule, competition in contemporary world high technology markets is distinguished by particular intensity and ferocity. A producer's monopoly here is usually quite short-lived and unstable. The decisive role in the competitive struggle of the leading world manufacturers of high technology products is being played today by so-called non-price factors of competition: the technical novelty of items, their quality and reliability, the volume of services offered at the time of their sale and the terms of credit. For example, the impressive successes of Japanese corporations in the high technology markets are largely connected with the high quality and durability of their goods. In the majority of Western countries there is a permissible reject level of 2-3 percent of production volume, but in Japan a reject is a disgrace: As a result, the level of defects and frequency of breakdowns in Japanese automobiles, TV sets, integral circuits and other items are only one-tenth as high as the indicators of their Western competitors.

It must be stressed, however, that these important non-price factors of competition only appear to be this significant. Competition has always been primarily a matter of prices, and in fact it could not be otherwise. As a result, the impact of each of the non-price factors is always reflected in the price of the product--that is, in the level of consumer expenditures per unit of use value of the item. Non-price factors constantly reduce the outlays for the derivation of this value and, consequently, prices. In semiconductor production, for example, overhead costs are now decreasing by

30 percent a year.¹⁷ The competition of two American and two Japanese giant firms slashed world prices of some integral circuits to one-seventh of the previous cost between 1980 and 1983. The prices of various personal computers were from 2.5 to 4 times as high in 1980 as they were in 1983. The role of overhead costs in today's competition in world high technology markets is also attested by the transnational corporate practice of transferring the production of already mastered high technology products to so-called new industrial countries, where wages are still one-fifth or one-sixth as high as wages in, for example, the United States. It is also attested to by the return of some of these production units in recent years to the industrial capitalist countries in connection with the widespread processes of automation in various high technology industries, which have dramatically reduced the role of the wage factor in the price of these items.

The degree of government protection of domestic high technology markets from foreign competition and the scales of government support for national exporters are of considerable significance (and in some countries, especially in respect, they might be of decisive significance) in this competition. Protectionist measures to guard and stimulate national producers are common in the capitalist society, and they have traditionally been the most acute and perhaps the main element of inter-imperialist conflicts in the economic sphere. For many years the geopolitical interests of the United States and its economic strength allowed it to take a more or less moderate stand on the matter, based on the assumption that the economic rise of its West European allies and Japan would be physically impossible without the direct protectionist support of national capital in these countries by the government, including capital in advanced industries. Times have changed, however, and the intensification of inter-imperialist rivalry and the mass penetration of the American domestic market by foreign competitors motivated the U.S. administration to take a much tougher stand.

This problem is most acute in U.S. relations with Japan, whose protectionist system is particularly sophisticated and, what is most important, particularly effective. "For 20 years the world watched with envy and admiration as wave after wave of new Japanese items--cameras, then automobiles, then TV sets, then computer elements--captured the imagination of consumers," noted the influential American magazine BUSINESS WEEK. "Today the West could be flooded by a new wave, carrying all types of items--from supercomputers to financial services, from laser discs to the latest fashions. This time anger has taken the place of admiration.... Today the positive balance in Japanese trade is viewed not as a competitor's winnings, but as a marauder's loot."¹⁸ It is true that the magazine itself stresses that at least two-thirds of the U.S. negative balance of 37 billion dollars in trade with Japan in 1984 was the result of the artificially inflated exchange rate of the dollar or, in other words, the result of the monstrous U.S. budget deficit, engendered by the arms race. Arguments of this kind, however, will not restrain Washington's attempts to use force to break down the trade and other barriers securing competitors in Western Europe and Japan something like hothouse conditions for the industries in which these countries are investing their hopes for the future.

Today it is already difficult to point to any high technology market in which American corporations have absolute hegemony. Apparently, they still have a near-monopoly in only one market--supercomputers. In 1983 there were 74 supercomputers in the capitalist world, and all of them were produced by American firms.¹⁹ Even in the aerospace industry, American monopolies had to make room for their competition in the last few decades; in 1960 their share of the world market for these products was around 85 percent, but in the early 1980's it was already around 55 percent.

Nevertheless, the United States is still the largest world exporter and simultaneously the largest world importer of high technology products: In 1981 its exports of these products amounted to 32 billion dollars and its imports totaled 12.3 billion. These indicators were 12.7 billion and 7.6 billion for the FRG, 12.4 billion and 3.3 billion for Japan, 7.9 billion and 6.2 billion for England, 5.9 billion and 8.6 billion for France and 4.1 billion and 3.5 billion for Italy (these data apparently do not include household electronics and several other industries).²⁰ The percentage of high technology products in American exports perceptibly surpasses the indicators of its main competitors in the capitalist world. According to the estimates of the U.S. Department of Commerce, however, American exports became less competitive in 7 of the 10 most important high technology industries in the 1970's, including the production of aviation equipment, electronics and electrical equipment, monitoring and measuring devices, analytical devices, industrial chemicals, medical equipment, optical equipment and movie cameras.²¹ The United States surpasses its main rival, Japan, in the quality of 72 of the 186 most important products, including computers and software, lasers and drugs; the quality of 54 U.S. products is inferior to the quality of Japanese goods, and the two countries are approximately on the same level in the quality of the remaining 60 products.

The results (as of today) of the division of the most promising world high technology markets between leading producers are illustrated in the table.

It is significant that the decline of the American processing industry's competitive potential stopped in the 1980's, and in the leading high technology branches this trend was apparently reversed. Between 1980 and 1982 the U.S. share of the total OECD exports of general machine-building products rose from 25.1 to 28.4 percent, its share of OECD exports of electrical equipment rose from 19.2 to 22.2 percent, and its share of chemical exports rose from 18.8 to 20.2 percent.²²

It is obvious, however, that the United States is gradually giving up more and more of its domestic market for such goods in mass demand as home electronics to foreign producers: In 1982 imports accounted for 12.8 percent of all sales of color television sets in the U.S. domestic market, 67.9 percent of black-and-white TV set sales, 76.4 percent of home and car radio sales, 76.5 percent of stereo system sales and 100 percent of VCR sales.²³ The growing imports of home electronics and, in recent years, of industrial electronic components are now a more important structural element of the U.S. trade deficit than even imports of Japanese automobiles: The American electronic sector finished the year of 1984 with a trade deficit of 6.8 billion dollars,

and in 1985 the deficit will increase (according to estimates) to 12 billion dollars.²⁴ The main source of the deficit is trade with Japan, whose electronic exports to the United States exceeded imports by 15 billion dollars in 1984. Another cause of the American deficit in the trade in electronics is the substantial imports of these products from the "new industrial countries" (primarily South Korea, Taiwan, Hong Kong and Singapore), whose positive balance in trade with the United States is now equal to approximately half of the Japanese balance.²⁵

Positions of Leading Exporter Countries in High Technology Markets

<u>Industries</u>	<u>World capitalist exports, \$ billions</u>	<u>Leading exporters and their share, %</u>	
Aircraft industry	27.2	United States	54
		FRG	12
		Great Britain	10
		France	7
		Italy	4
		Total	87
Telecommunications equipment	19.2	Japan	25
		United States	16
		FRG	10
		Great Britain	7
		France	5
		Total	63
Computers	14.1	United States	35
		FRG	10
		Great Britain	9
		Japan	6
		France	6
		Total	66
Machine tools with programmed control	12.0	FRG	24
		Japan	15
		United States	13
		Italy	8
		Switzerland	7
		Total	67
Components, attachments and spare parts for computers and office equipment	9.9	United States	43
		FRG	11
		Great Britain	9
		France	9
		Japan	8
		Total	80
Office equipment	6.1	Japan	43
		FRG	11
		United States	9
		Netherlands	7
		Great Britain	7
		Total	77

[Table continued on following page]

[Continuation of table]

<u>Industries</u>	<u>World capitalist exports, \$ billions</u>	<u>Leading exporters and their share, %</u>	
Microcircuits	3.9	Japan	23
		United States	19
		Singapore	17
		FRG	11
		South Korea	9
		Total	79
Medical equipment	2.9	United States	39
		FRG	13
		Netherlands	10
		Japan	8
		France	5
		Total	75
Gas turbines	1.7	United States	65
		Great Britain	11
		FRG	7
		France	4
		Italy	4
		Total	91
Nuclear reactors	0.8	Belgium	31
		FRG	23
		France	20
		Switzerland	12
		Sweden	6
		Total	96

HIGH TECHNOLOGY, October 1984, p 61.

The position of America's rivals is stronger today in branches other than home electronics, such as telecommunications equipment, machine tools with programmed control, office equipment and all-purpose integral circuits. It is noteworthy that the United States has effectively abandoned the market for nuclear equipment and technology after ceding it to its West European rivals.

Under these conditions, what are the prospects for the competition between the main Western economic centers in the world high technology markets? It is generally assumed that the scientific and technical newness of the product is now the main weapon in the competitive struggle.²⁶ This seems to be an oversimplification. New ideas and new designs are one thing, and commercial success, the conquest of the market, the price and quality of products, the battle for consumers and the constantly expanding scales of sales markets are another. In this context, scientific and technical leadership is the most important conditions, but certainly not the only one, for success in competition, particularly if competitors are hot on the heels of the leader, and not in any one industry but in many.

There is no question that the United States now has more scientific, technical and production potential than its main rivals, especially in the most

important industries: electronics, electrical equipment, the production of synthetic materials, rubber and plastic, the aerospace and pharmaceutical industries, the industrial use of robots and laser equipment and off-shore drilling.²⁷ As Japanese experts have admitted, Japan is still far below the American level even in the designs for the fifth generation of computers-- "artificial intelligence."²⁸ Meanwhile, according to the accurate observation of Soviet economist G. Kochetkov, "the intensified competition of the two leading industrial powers in the capitalist world in recent years for scientific and technical leadership in the development of new superfast computers endowed with elements of artificial intelligence is of much greater significance than the automobile, television and other 'wars.'"²⁹ A similar situation is also taking shape in the important field of industrial robots: "The Japanese today have only "the first generation of robots, which are still essentially deaf-mutes.... Our (American--N. Sh.) robots, on the other hand, can see and think."³⁰

The appraisal of the capabilities of West European countries in these fields is even lower today. Some American experts believe, for example, that it is already too late for Western Europe to establish its own world-class micro-electronics industry and that its producers could be trampled in the skirmish between the American and Japanese giants by 1990. In 1978 Western Europe produced only one-tenth as many microprocessors as the United States, and in 1982 it already was producing only one-sixteenth as many. Appraisals of Western Europe's capabilities in robot engineering are just as pessimistic: "The driving forces of the development of robot engineering can be found in the United States and Japan. Few new fundamental developments are expected from European research programs, although there are several excellent centers there."³¹ Some appraisals even put the FRG several years behind the United States and Japan in the field of biotechnology.

Can these appraisals be used to envision the outlines of the future balance of power in world high technology markets at, for instance, the end of our century? It seems that any forecast based on these appraisals would nevertheless be at least dubious. We repeat, the idea and the research and development project are not all that counts. According to the accurate observation of the American FORBES magazine, "the United States, of course, is still unsurpassed in technology, but American producers might already be losing the battle in production."³² It would be wrong to underestimate the strength of American monopolies and their potential for aggressive competition, but it would also be wrong to underestimate the proven capabilities of their competitors, especially in fields depending less on the newest ideas than on the organization of effective mass production and sales on the basis of these ideas. The share of Japanese producers in world high technology markets (including the American domestic market) is constantly growing, and there is reason to believe that this is only the beginning, because only a relatively small sector of Japanese industry is now participating in export operations: Exports account for only 13 percent of the GNP in Japan, as compared to, for example, 27 percent in the FRG and 21 percent in England. Furthermore, producers from the new industrial countries are beginning to penetrate world high technology markets on the heels of Japanese and West European producers and in an increasingly confident and increasingly aggressive manner.

American imperialism is trying to adapt to changing circumstances, partly through the use of new and far from economic methods of competition. V. I. Lenin once wrote that "the monopoly is paving the way for itself everywhere and with the aid of every possible method, from the 'discreet' payment of smart money to the American 'application' of dynamite to the competitor."³³ In addition to using traditional methods (various forms of government stimulation of the competitive potential of national production units, their protectionist support and, conversely, attempts to demolish protectionist barriers in competitor countries, penetration by national capital wherever penetration by domestic goods is impossible, the conclusion of agreements on cooperation and joint activity with competing foreign companies, etc.), the United States has recently resorted more frequently to measures of an obviously extraordinary nature. The majority of these measures are essentially purely political, although their sphere of influence is primarily the economy, including R & D. The purpose and logic of this policy are self-evident: If leadership cannot be maintained with purely commercial methods, political potential must be used full strength to curb the competitors and keep them from making their own way in the market.

In the beginning of the 1980's, for example, the American administration used the specious pretext of the "mounting Soviet threat" to acquire documents from Japan for the production of large integral circuits and microprocessors, which the United States plans to use in air defense, particularly in laser and infrared missile guidance systems. In 1985 a law was passed in the United States, stipulating that a foreign firm using American components in its products or using American licenses could lose its access to the American market (both as an exporter and as an importer) if it should violate the American system of bans on exports of "high technology" products to the socialist countries. As LE MONDE DIPLOMATIQUE commented, "industrial circles in Western Europe can clearly see this U.S. policy as an indirect means of guarding American firms against competition in international markets."³⁴

Finally, in spring 1985 the American administration made perhaps the most uncereceremonious attempt of the entire postwar period to put the scientific and technical potential of Western Europe and Japan at the service of its great-power interests by suggesting that the allies participate in the notorious program of preparations for "Star Wars."

The intensification of competition in world high technology markets reflects the profound structural changes in the world capitalist economy that began in the middle of the 1970's and picked up speed after the crisis of 1979-1982. The structural reorganization of the world capitalist economy will be a lengthy and agonizing process in which some will naturally be in the lead and others will lag behind. Of course, no one wants to lag behind. It is precisely for this reason that the intensity of inter-imperialist rivalry and conflicts will certainly not be alleviated as scientific and technical progress continues to develop, but will increase, taking new forms and encompassing new economic spheres.

FOOTNOTES

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3. U.S. DEPARTMENT OF COMMERCE. INTERNATIONAL ECONOMICS INDICATORS, March 1984, p 64.
4. TECHNOLOGY REVIEW, October 1984, p 8.
5. SSHA: EPI, 1985, No 5, p 49.
6. MEMO, 1984, No 5, p 73.
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8. In recent years most of the patents for inventions in electronics, for example, were issued in the United States, but they were used most effectively in Japan--SSHA: EPI, 1985, No 3, p 108.
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31. FINANCIAL TIMES, 5 April 1983.
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WASHINGTON'S POLICY IN INDIAN OCEAN HIT

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 3, Mar 86 (signed to press 18 Feb 86) pp 39-48

[Article by N. S. Beglova]

[Text] The United States' diplomatic and military activity in the Indian Ocean zone¹ was unabated throughout the first half of the 1980's.

There were several reasons for this. First of all, the region is considered to be one of imperialism's most important raw material reserves. It is the location of large deposits of the minerals imported by the United States and its allies. At the beginning of the 1980's the United States imported 38 kinds of raw materials from the Indian Ocean countries, including 85 percent of the natural rubber it uses and 80 percent of the tin.² This zone is also its source of strategic raw materials--lithium, beryllium, cobalt, manganese, chromite and industrial diamonds. But the colossal oil deposits of the Persian Gulf countries are probably the main thing.

As Secretary of State G. Shultz stressed when he addressed the Senate Budget Committee in February 1985, "the U.S. aim in this part of the world consists in maintaining free access to the vitally important sources of oil in the Persian Gulf both now and in the future."³

Of course, the instability in the Persian Gulf in recent years has considerably reduced U.S. purchases of oil here and increased U.S. imports from Mexico, Venezuela and Nigeria. Nevertheless, Western Europe and Japan (although they have also diversified their sources of oil) still depend heavily on oil from this region.

Whereas oil from the Persian Gulf represents 14 percent of American oil imports (as compared to 34.4 percent in 1979), France's LE MONDE reported, France, for example, is still importing 44 percent of the oil it uses from this zone (75.1 percent in 1979) and the Japanese figure is 71 percent (76.3 percent in 1979).⁴ Aspiring to the role of "guarantor" of the interests of its allies, the United States cites these facts to validate its attempts to take the dominant position here.

Secondly, the Indian Ocean zone is, in the view of the United States, of great political significance. It is made up of 44 littoral and continental

states with a total population of 1.3 billion. Although these states are quite diverse and belong to different subregions, they are all united by their concern about the future of the Indian Ocean. There is no question that U.S. policy in the region is engineered with a view to the possible reactions of these countries. This is why Washington attaches great importance to the reinforcement of political, economic and, if possible, military ties with Indian Ocean countries.

Thirdly, for the economic and political reasons discussed above, Washington regards the Indian Ocean zone as a sphere of confrontation with emerging countries following an independent pattern of development and with the Soviet Union, which supports them. In connection with this, U.S. ruling circles regard the Indian Ocean as a zone of "strategic defense" along with similar zones in the Atlantic and Pacific oceans. The U.S. military bases in the Indian Ocean enclose all of the American support points along the entire perimeter of the USSR's borders in a single strategic chain. People in Washington attach special importance to the American military presence in this part of the world, proceeding from their realization of the importance of shipping here to the Soviet Union.

The U.S. plans for the Indian Ocean were completely and frankly set forth in 1979 in "U.S. Foreign Policy Objectives and Overseas Military Installations," a document prepared by the Congressional Research Service for the Senate Committee on Foreign Relations. This document clearly announced the U.S. intention to make military strength the pivotal point of its strategy in the Indian Ocean. Furthermore, it openly presumed the possibility of American intervention in the affairs of littoral countries whenever the situation in one of these countries is interpreted by Washington as a threat to shipping. The document also mentioned the U.S. strategic aim of deploying--"whenever necessary or convenient"--submarines with ballistic missiles aimed at the USSR.⁵

Trident I missiles have already been installed on some American submarines and are to be replaced by Trident II missiles in 1989.

The "Carter Doctrine" announced in 1980 called the Persian Gulf a "sphere of U.S. vital interests," where Washington would strive for stronger influence, just as in Western Europe and the Far East. "Our position must be absolutely clear," President Carter asserted, "and attempts by any outside force to seize control of the Persian Gulf will be viewed as a threat to the vital interests of the United States of America, and the response to it will entail all of the necessary means, including the use of armed forces."⁶ The reason for the heightened U.S. interest in the region was not the mythical "Soviet threat" to which Washington referred, and not the events in Afghanistan, but the growth of the national liberation movement and of anti-imperialist, anti-American feelings, which had led to the collapse of the American system of blocs and alliances, culminating in the revolution in Iran.

Armed with the "Carter Doctrine" and taking cover under the myth of the "growing Soviet naval presence" in the Indian Ocean, the Reagan Administration went much further than its predecessor in building up the U.S. military presence and escalating tension in this part of the world. Washington's

chief aim became guaranteed regional superiority to the USSR and the ability to "defend American economic interests."

Today U.S. military-political strategy in the Indian Ocean is being developed according to the following basic guidelines: the buildup of military presence; the enlargement of the network of support points and bases; the reinforcement of relations with conservative regimes; the neutralization of countries opposing the foreign military presence in the Indian Ocean.

The U.S. line of actually blocking a UN conference on the Indian Ocean, which could make real progress toward the creation of a zone of peace here, fits into these guidelines.

The American military presence in the region is being strengthened primarily by enhancing the operational readiness and mobility of U.S. armed forces with the aid of a unified "central command" and a reinforced and perfected "rapid deployment force" (RDF), the main U.S. operational striking force in the Indian Ocean.

The plans for the buildup of the military presence also emphasize the reinforcement of the U.S. Navy and combat support units, the improvement of their qualitative features and the establishment of absolute order and heightened mobility.

The new regional "central command"--CENTCOM, with its headquarters at McDill Air Force Base (United States)--officially began functioning on 1 January 1983. The command's sphere of action includes 19 states--Afghanistan, Pakistan, Iran, Iraq, Kuwait, Bahrain, the United Arab Emirates, Qatar, Saudi Arabia, Oman, the Yemen Arab Republic, the People's Democratic Republic of Yemen, Egypt, Jordan, Sudan, Ethiopia, Djibouti, Somalia and Kenya, and a large part of the waters of the Indian Ocean, including the Persian Gulf and Red Sea.

Washington's rationale for the establishment of CENTCOM was the need to "contain Soviet aggression and help the countries of the region maintain stability."⁷

The creation of the "central command" signified the further development of the military-political strategy assigning U.S. military strength the job of defending American interests in the Indian Ocean, primarily in the Persian Gulf. It is significant that CENTCOM's zone of influence is located at the point where three continents meet and in direct proximity to Soviet borders. The Pentagon has wanted to create a bridgehead here for a long time. The RDF and the extensive network of military bases in this region were put under the jurisdiction of the command. According to the London International Institute of Strategic Studies, at the end of 1984 the United States had one carrier task force in the Indian Ocean, consisting of 6 naval ships and 17 escort ships. The Persian Gulf is constantly patrolled by 5 warships (including a torpedo boat) from the U.S. naval Middle East strategic unit.⁸ Therefore, at the end of 1984 there were 28 American warships in the Indian Ocean, and in the future the number is to rise to 50 combat units. Their functions do not consist simply in displaying the American flag and monitoring sea lanes in the

Indian Ocean, but also in conducting, if people in Washington should feel the need for this, direct interventionist actions in littoral countries. Besides this, the American naval forces in this part of the world, especially the constant presence of nuclear submarines with nuclear weapons on board, are a constituent and important part of U.S. strategic forces.

The U.S. base on the Island of Diego Garcia is playing an important role in CENTCOM activity. It has been turned into the main bridgehead of the naval forces, including strategic submarines, strategic B-52 bombers and the "rapid deployment force." The Reagan Administration invested around 435 million dollars in the enlargement of this base from 1980 to 1983.⁹

American nuclear weapons are already deployed in the Indian Ocean--on aircraft carriers and submarines. Besides this, B-52 bombers, which can carry nuclear weapons, make constant flights over the region. Finally, according to reports in the press, 800 projectiles with neutron warheads were delivered to the Indian Ocean in 1984 from Italy, where their deployment had originally been planned.

The efforts to strengthen the RDF are continuing.¹⁰ The Pentagon intends to spend 13.6 billion dollars before 1988 to increase the personnel strength of the RDF, equip it with vehicles, modernize its control points and so forth.¹¹

Preparedness for action at a time of crisis is stipulated in virtually all documents pertaining to the RDF, and this is indisputably making the situation in the region much more explosive. American intervention, overt and covert, is contributing to constant tension in the relations between conflicting sides. For example, the United States is trying to use the Iran-Iraq conflict to strengthen its own position in the Persian Gulf zone, primarily to gain access to new military installations, especially in Saudi Arabia, or to expand its presence in the support points to which it already has access, such as those in Oman and Bahrain.

Besides this, the United States is striving to use the Iran-Iraq conflict to create a threat to oil shipments to Western Europe and Japan and secure the extensive diplomatic support of its military actions in the Indian Ocean by the Western allies. In particular, Washington urged its NATO allies to take on broader functions to secure their own interests in the Persian Gulf, particularly since the material basis for this exists, as both England and France have sizeable naval forces here.

France's naval forces in the Indian Ocean, in the ports of Djibouti and Mayotte (Comoros) and on Reunion are quite large, consisting of up to 20 surface ships.¹² Great Britain regularly sends up to 10 warships and auxiliary vessels to the Indian Ocean to patrol its waters and has created its own RDF in this region.¹³ The FRG's warships are making more frequent appearances in the Indian Ocean.

But the United States' allies, particularly England and France, have displayed an extremely guarded approach to joint military undertakings with the United States in the region. These countries, which have their own interests in the

developing world, prefer to retain the ability to maneuver and conserve forces for crises arising directly in their "zones of influence" and would obviously prefer the United States to play the main military role in the Persian Gulf. Furthermore, they would like to retain the possibility of choosing to either join the American efforts--for example, by participating in the "multinational force" in Lebanon and thereby demonstrating commitment to their ally obligations--or transfer the burden of controlling the situation in this region to the United States.

In this way, inter-imperialist rivalry and economic and other conflicts are impeding the U.S. plans to give its actions in this part of the world a "multinational" appearance.

The policy of building up the American military presence in the Indian Ocean is also influencing the U.S. position in the Special UN Committee on the Indian Ocean.¹⁴ Washington has no intention of giving any serious consideration to the transformation of the region into a zone of peace. Without taking the risk of openly boycotting UN resolutions and the efforts of the many states supporting this idea, the American administration has developed a dual system of measures containing elements of diplomatic maneuvering in the United Nations and the well-known "arguments" in favor of the buildup and maintenance of its military presence in the region.

On the one hand, the United States has not officially denied the need to convene a UN conference, but it has made it conditional upon a number of preliminary demands for a "conducive political atmosphere." For example, it is insisting on the adoption of a so-called "set of principles governing the behavior" of the states of the region. This demand is intended to undermine the mandate the special UN committee has been given to convene a conference and to submerge practical preparations for it in a sea of debates for the negotiation of these "principles," which do not even mention the main issues: the limitation of military activity, the dismantling of military bases and the non-deployment of nuclear weapons. Besides this, Washington has demanded the withdrawal of the limited contingent of Soviet troops from Afghanistan as an essential preliminary condition for the conference. Washington's position is complicating the work of the special committee and preventing the drafting of an international agreement to turn the Indian Ocean into a zone of peace.

An important element of U.S. strategy in the Indian Ocean is the establishment of more active military-political contacts with several dependent states in the region with the aim of, first of all, acquiring a chance to complete the establishment of America's own military infrastructure by reinforcing the system of control points and bases; secondly, heightening the interest of these countries in the American presence in the Indian Ocean and paving the way for their broader military cooperation with the United States in the future. The chief aim is the establishment of maximally favorable conditions for the actions of the American Navy and the expansion of its interventionist capabilities.

The Reagan Administration has considerably increased its military and economic aid and sales of weapons to the Indian Ocean countries which have either

authorized the United States to use their military installations, essentially turning them into American bases (Somalia, Kenya, Egypt, Oman, Australia and Thailand), or permitted American warships to enter their ports or American combat planes to land on their airfields (Saudi Arabia and Sri Lanka), or, finally, agreed to the expansion of various aspects of military cooperation with the United States (Pakistan).

It must be said that Washington is increasing its military deliveries to the littoral countries in the hope that, even if the governments of some countries in the region should object to the growth of the American presence, the very fact of deliveries or sales of American weapons will serve as the basis for the further expansion of the recipient countries' military cooperation with the United States.

In this way, the need for maintenance services for the five AWACS planes sold to Saudi Arabia and the F-16 planes delivered to Pakistan presupposes the increased military dependence on these countries on the United States.

The main U.S. control points in east Africa are in Kenya and Somalia. Besides this, the American Navy uses the sea port of Djibouti for its ships. In Kenya the United States is authorized to use Kenyan military installations, the largest of which is the naval base in Mombasa. Between 1980 and 1984 the United States completed the remodeling of this base, and now it can be used for the entry and moorage of American aircraft carriers. Somalia has authorized the United States to use the port and airport in Mogadishu and Berbera Port, which has essentially become the main American base in this zone, for naval reconnaissance, the storage of ammunition and materiel and the provision of the U.S. Navy and Air Force with materiel and technical services. The Pentagon invested 54 million dollars in their modernization between 1980 and 1984.¹⁵

In Southwest Asia and the Middle East, the United States has access to bases in Egypt, Oman, Saudi Arabia and Bahrain.

In Egypt the U.S. armed forces are using the Cairo West Air Force Base just outside the capital. The work of modernizing another Egyptian base, Ras Banas, located on the coast of the Red Sea, has been going on for a long time (the work cost 91 million dollars just between 1980 and 1983).¹⁶ The work has slowed down somewhat in recent years, however, in connection with Egypt's refusal to sign an official agreement guaranteeing Pentagon access to this base, where the United States would like to station an RDF contingent.

Washington is now paying special attention to contacts with countries located near "hot spots," particularly those in direct proximity to the Persian Gulf.

In Saudi Arabia the American Air Force has landing rights on three bases: Yanbu and Jubayl on the coast of the Red Sea and Dhahran on the Persian Gulf coast. Despite the Saudi Government's reserved attitude toward plans for the expansion of the American military presence, military ties between the two countries have continued to grow stronger. In the atmosphere of tension in the Persian Gulf in 1980, the United States was able to gain Saudi Arabia's

consent to the deployment of four American AWACS planes on its territory. Washington also hopes that the sale of five of these planes (the delivery agreement was signed in 1981) and 400 Stinger antiaircraft missiles to Saudi Arabia will lead to even broader military cooperation.

In exchange for extensive military and economic aid to Oman, the American Armed Forces gained the right to use this country's air and naval bases in Seyeb, Tamrit, Khasab and Masirah. On the island of Masirah, the United States is remodeling an airport previously owned by Great Britain and building a second runway. The United States is also striving to create a supplementary infrastructure in Oman's Masqat, Salalah, Matrah and Raysut ports with the aim of their possible use by the RDF in the Persian Gulf zone. The United States allocated 253 million dollars between 1980 and 1984 and another 198 million dollars for the 1985-1989 period for the modernization and remodeling of military installations in Oman.¹⁷ The United States attaches great significance to the expansion of its military presence in Oman, because its geographic location allows for its use as a supply base for American troops. As G. Shultz stressed in one of his speeches, "Oman's consent to give the United States access to its installations will give the American Central Command valuable opportunities."¹⁸

The U.S. control points on the east coast of Africa and in the Persian Gulf countries are part of the air and naval corridor stretching from the east coast of the United States through the Mediterranean to the Indian Ocean. In the event of a crisis, American armed forces can be transferred quickly to the Persian Gulf along this precise route. The significance of control points in the Persian Gulf countries and on the east coast of Africa also stems from Washington's ability to give its military actions the appearance of collective "American-Arab defensive actions" by operating from the territory of these countries.

In addition to building up its own military presence in Southwest Asia and the Persian Gulf and encouraging the militarization of these countries, the United States is constantly striving to unite pro-Western regimes in the region on an anti-Soviet bases. Back in 1981 and 1982, the Reagan Administration was already stating the existence of Washington's "special" interests in the Persian Gulf and in Southwest Asia in an effort to create a zone of "strategic consensus" here for the "containment" of the Soviet Union and the protection of American interests in the region stretching from Pakistan to Israel, Egypt and Turkey and including the rich Arab oil states of the Persian Gulf. Pakistan has been assigned an important role in these plans.

The United States has taken every opportunity to encourage a closer relationship between Pakistan and Saudi Arabia. Saudi Arabia and, in particular, Pakistan have become representatives of American interests in the Muslim world, a bridgehead for the exercise of the American offensive strategy in Southwest Asia and a channel for the undeclared war against Afghanistan.

The increase in military aid to Persian Gulf countries and the establishment of broader military contacts with them have been accompanied by broader-scale joint maneuvers and exercises by the United States and its allies. In

August 1985 the United States conducted the large-scale American-Egyptian "Bright Star-85" exercises on the territory of Egypt, Oman and Somalia.

These exercises not only aid in the development of scenarios of RDF action in the event of a crisis, but also pave the way for the permanent deployment of American armed forces here. Besides this, these exercises accomplish the most direct involvement of littoral countries in U.S. military preparations in the Persian Gulf and lead to the considerable escalation of tension in this region.

Although the United States has been able to establish more active military contacts with several Muslim countries in the Persian Gulf in general, the level of these contacts, by Washington's own admission, is not high enough to take action on the plans to create a military bloc in the region. Furthermore, Washington has been unable to implement the idea of the "strategic consensus"--the unification of Israel and the conservative Arab regimes on an anti-Soviet basis--because the Arab states are expressing increasing dissatisfaction with the ever stronger American-Israeli military ties.

The United States also has a network of control points in the eastern half of the Indian Ocean. It includes bases in Thailand--Sattahip and Uthapao--and in Australia.

The Reagan Administration has established much more active military contacts with Australia. In addition to Washington's use of such military bases as Darwin, Learmonth (both of which can accommodate B-52 bombers), North West Cape and Cockburn Sound, the construction of a new base near Port Hedland on the west coast for the U.S. Navy has been announced.

Aerospace communication stations are also located in Australia--Pine Gap, Nurrungar and others for communications between American reconnaissance satellites and the headquarters of the Strategic Air Command in Omaha (Nebraska) and the national military command center in Washington.

Washington also attaches great significance to its Pacific bases near the Indian Ocean. Above all, these include the Subic Bay naval base and Clark Field Air Force Base in the Philippines. As C. Weinberger stressed in his report to the Congress in 1984, "U.S. military installations in the Philippines play a key role in maintaining American strength in the west Pacific, East and Southeast Asia and the Indian Ocean."¹⁹

By the terms of an agreement signed by the United States and the Philippines in 1983, Washington will give Manila 900 million dollars (with around half of the sum earmarked for military purposes) in the 1985-1989 period in exchange for permission to use Philippine bases.²⁰

It must be said that the United States has encountered serious problems in its military activity in the zone adjacent to the Indian Ocean. For example, the Labor government in New Zealand, which took office in summer 1984, prohibited the entry of its ports by American warships carrying nuclear weapons. In August 1985, 12 countries in the South Pacific, including Australia and New Zealand, signed a treaty declaring this region a nuclear-free zone.

The United States has recently been actively investigating the possibility of locating bases of its own in several South Asian countries to extend the line of American control points along the perimeter of the Indian Ocean.

Investigations of this kind are going on in Sri Lanka, where U.S. warships have the right to enter the port of Trincomalee, in Bangladesh, where Washington hopes to gain permission to use the airport in Chittagong as a base for the naval aviation of the U.S. Seventh Fleet in the event of an "emergency," and on the islands of St. Martin and Manpura, where the Americans hope to establish naval bases.

Washington has special plans for Pakistan, which is located at the point where South and Southwest Asia meet. The Pentagon would like to gain access to the Pakistani port of Gwadar, on the coast of the Arabian Sea, close to the inlet of the Strait of Hormuz, and access to the air force base in Peshawar, which was actively used by the United States in the early 1960's, and to the naval and air force base in Karachi. The assumption is that all of these bases could serve as transit support points for the American RDF.

Washington has constantly encountered Indian opposition ever since it made the establishment of a prevailing American influence in the Indian Ocean its main objective. The present U.S. policy in the region is one of the causes of the increased conflicts between the United States and India. The buildup of American military presence, the enlargement and reinforcement of the Diego Garcia base in direct proximity to India's border, the increase in military aid to Pakistan, the encouragement of its militarization and the search for new support points have all maintained the conflicts in American-Indian relations. The Indian Government and progressive forces in the country are completely justified in viewing the growth of the U.S. military presence and its transformation into a permanent fact of the military-political situation as a threat to their country's security.

The United States always knew that India, despite its potential, could never occupy a prominent place in Washington policy in the developing world. This is the reason for its unceasing efforts throughout the postwar decades to achieve a cardinal shift in India's political orientation in a pro-American direction. When it was unable to do this, the United States began conducting a policy in relations with India with the aim of preventing the further consolidation of its position as a new regional center usually acting against U.S. interests and of slowing down the process of New Delhi's involvement in the resolution of major international problems.

To this end, the United States began to rely on Pakistan's anti-Indian policy and started instigating conflicts in India's relations with its neighbors-- Sri Lanka, Bangladesh, Nepal and the PRC. Besides this, Washington made certain attempts to destabilize the domestic political and economic situation in the country. The Indian press has repeatedly cited evidence of the United States' use of the Sikh community and the separatist movement in Punjab and several other states to exert pressure on New Delhi.

Since the time of the India-Pakistan conflict of 1971, the U.S. "presence" in the Indian Ocean has been aimed partly against India. In combination with

other issues separating the United States from India, this is intensifying conflicts between the two countries in connection with general international problems and specific aspects of bilateral relations. This was demonstrated once again when Prime Minister R. Gandhi of India visited Washington in June 1985.

American policy in the Indian Ocean has encountered a number of difficult problems. First of all, the buildup of the American military presence in the Indian Ocean has aroused the suspicions of the majority of littoral countries, and this has led to an increase in conflicts between these countries and the United States.

Secondly, the American plans for the more active involvement of countries of the region in military cooperation with the United States have encountered certain difficulties. Even the pro-Western Muslim regimes must give some consideration to anti-American feelings in the Arab world in connection with the pro-Israeli policy of the United States and are not inclined to agree to the level of military-political cooperation with Washington that would make the idea of "strategic consensus" a reality. Extensive U.S. military cooperation with some of these countries could create domestic political friction and the further growth of anti-American feelings there, and their ruling regimes must take this possibility into account.

Thirdly, the U.S. position in the Special UN Committee on the Indian Ocean has had negative repercussions in the United Nations and has led to a conflict between the interests of the United States and of the majority of nonaligned countries wanting the Indian Ocean to be a zone of peace. Besides this, U.S. policy has been subjected to increasingly harsh criticism by the majority of committee members.

The United States created another factor maintaining the tension in this region by unilaterally breaking off the talks with the Soviet Union on the limitation and subsequent reduction of military activity in the Indian Ocean in 1978 and by refusing to resume the talks.

As a result, Washington's current policy line not only virtually excludes the possibility of the political resolution of the region's main problems (the Iran-Iraq war, the situation in Afghanistan, the need to lower the level of military presence and to create a zone of peace in the Indian Ocean), but is also leading to new conflicts. Over the long range this could have a negative effect primarily on the United States itself. But the main thing is that this U.S. policy has already led to the substantial escalation of tension in the Indian Ocean and the creation of a real threat to the security of the Indian Ocean states.

As for the Soviet Union, it has invariably supported the efforts of littoral states to turn the region into a zone of peace, with no foreign military bases and no threats to the security, independence and sovereignty of littoral countries. The Soviet Union has also repeatedly declared its willingness to resume the talks with the United States for a lower level of military presence in the Indian Ocean. In the last few years alone, the Soviet Union has

advanced several comprehensive initiatives, such as the 1982 proposal of an agreement on the mutual limitation of naval operations.²¹ In the Prague Declaration of 3 January 1983, the Warsaw Pact countries also advocated the extension of confidence-building measures to the seas and oceans, particularly the regions with the most heavily traveled sea lanes.²² The statement of the Warsaw Pact states of 23 October 1985 stressed once again that "it is of vital importance to turn the Indian Ocean into a zone of peace and convene an international conference for this purpose."²³

In its struggle for a lower level of tension in the Indian Ocean, the Soviet Union proceeds from the assumption that any concrete steps toward the creation of a zone of peace here, including steps in Soviet-American relations, will make a serious contribution to the reinforcement of international peace and security.

FOOTNOTES

1. The geographic zone of the Indian Ocean includes South and Southeast Asia, part of the Near East, the Middle East, East and Southeast Africa, the Horn of Africa and the Australian continent.
2. A. K. Lavrentyev, "SShA: silovaya diplomatiya v Azii" [U.S. Power Diplomacy in Asia], Moscow, 1980, p 28.
3. "Statement by G. Shultz, Secretary of State, Before the Budget Committee, U.S. Senate," Wash., 19 February 1985, p 26.
4. LE MONDE, 28 February 1984.
5. "U.S. Foreign Policy Objectives and Overseas Military Installations," Prepared for the Committee on Foreign Relations, U.S. Senate, by the Congressional Research Service, Wash., April 1979, p 88.
6. "State of the Union Address. Message from the President of the United States, Transmitting a Report on the State of the Union," Wash., 1980, p 4.
7. "U.S. Military Posture. FY 1984," Wash., 1983, p 56.
8. "The Military Balance 1984-1985," London, 1984, p 11.
9. "Report of Secretary of Defense Caspar W. Weinberger to the Congress on the FY 1984 Budget, FY 1985 Authorization Request and FY 1984-1988 Defense Programs," Wash., 1983, p 203.
10. I. Ye. Lebedeva, "The Interventionist U.S. 'Rapid Deployment Force,'" SSHA: EPI, 1983, No 1--Editor's note.
11. "Report of the Secretary of Defense...on the FY 1984 Budget," p 198.
12. "Atlas of United States Foreign Relations," Wash., 1983, p 92.

13. PRAVDA, 16 December 1985.
14. For more detail, see Yu. A. Nikolayev, "Zone of Peace in the Indian Ocean: Washington's Position," SSHA: EPI, 1985, No 4.
15. "Report of the Secretary of Defense...on the FY 1985 Budget," p 214.
16. "Report of the Secretary of Defense...on the FY 1984 Budget," p 203.
17. "Report of the Secretary of Defense...on the FY 1985 Budget," p 214.
18. "Statement by G. Shultz....," p 27.
19. "Report of the Secretary of Defense...on the FY 1985 Budget," p 219.
20. THE DEPARTMENT OF STATE BULLETIN, August 1983, p 19.
21. "Militarizm i razoruzheniye. Spravochnik" [Militarism and Disarmament. Handbook], Moscow, 1984, pp 181-182.
22. "Vneshnyaya politika Sovetskogo Soyuza i mezhdunarodnyye otnosheniya. 1983 god. Sbornik dokumentov" [The Foreign Policy of the Soviet Union and International Relations. 1983. Collected Documents], Moscow, 1984, p 9.
23. PRAVDA, 24 October 1985.

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ANTI-WAR MOVEMENT AND LOCAL AUTHORITIES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 3, Mar 86 (signed to press 18 Feb 86) pp 58-63

[Article by I. V. Isakova]

[Text] The activities of anti-war organizations on the local level have acquired definite significance during the course of the development of the peace movement in the United States. They have been able to involve local authorities in the governments of several cities, some counties and even whole states in these activities. This is being promoted by the realities of American life. The arms race is having an adverse effect on the living conditions of a large part of the population.

At the beginning of 1985 a mayors' conference expressed worries about the state of the local economy and low-level government budgets. The growth of military spending has seriously injured the socioeconomic status of the majority of American cities. Rising Pentagon allocations are cutting federal budget funds for social needs and reducing all types of federal aid to states and cities.

Chairman E. Morial of the U.S. Conference of Mayors made the following statement at a press conference in Atlanta on 19 February 1985: "Many American cities will be threatened by decline if the U.S. Congress approves the federal budget submitted by the Reagan Administration for fiscal year 1986 in its present form.... The cuts proposed by Reagan in budget funds for domestic programs will cause some American cities to lose up to 80 percent of the amount of federal aid they received in fiscal year 1981." As we know, the administration's budget was approved with only slight changes. As a result, funds for local housing construction, education, urban development and public transit were slashed.

At the same time, the local budget deficit is rising in connection with the transfer of responsibility to state governments (within the framework of the "new federalism") for the financing of programs for aid to low-income families and dozens of other federal programs. Furthermore, the high cost of credit is impeding the development of the local infrastructure, housing construction and municipal services.

A municipal commission in Cambridge (Massachusetts) devised an original way of calculating military contributions based on the amount of taxes deposited in the federal budget by different cities. According to these calculations, more than half of all the taxes collected in the majority of cities and countries financed federal military programs in recent years. According to the same calculations, the city of Chicago allocated 3.378 billion dollars in fiscal year 1983 for military expenditures in the form of taxes (65 percent of all the taxes paid by the city population), and the figure was 3.89 billion in 1984. Taxpayers in Los Angeles contributed over 3 billion dollars to the military budget that same year, and the taxpayers in the relatively small city of Cambridge contributed 104 million.

The dynamics of the rise in taxes to pay for military programs can be illustrated by a look at Mendocino County (California). Within 3 years the contributions of local taxpayers to the federal military budget rose 58 percent, or 33 percent if the figure is adjusted to compensate for inflation.

It is significant that the tax benefits offered to corporations keep the local taxes of Pentagon contractors at the minimum level. In this way, they escape large military contributions. For example, the taxes collected from the largest firm in Cambridge, Charles Stark Draper Laboratory, which was one of the firms involved in designing the Trident II missile and which receives contracts for a hundred million dollars or more from the Defense Department, represented only 0.1 percent of all the taxes collected by municipal authorities (calculated annually).

The dramatic rise in military spending, the growing deficit in the federal budget and local budgets, the rise of unemployment and the decline of public income have led to a situation in which hundreds of cities and counties do not have sufficient funds for normal operation and development. This is one of the reasons why local authorities are taking a greater interest in anti-war activity. This activity has been most noticeable in cities with a high percentage of ethnic minorities with an acute need for government-funded socioeconomic assistance. In Chicago, New York, Washington, Philadelphia and Miami, where the percentage of black inhabitants is quite high, nuclear freeze referendums were supported by the overwhelming majority of the population (75, 70, 70, 75 and 58 percent respectively).

One of the major forms of municipal government participation in the peace movement is educational work, the development of courses dealing with the issues of war and peace and their inclusion in school curricula, and the establishment of contacts with Soviet cities as part of the sister-city movement.

The resolutions passed by several municipal and county governments demanding a nuclear freeze are a vivid example, and not the only one, of the influence of the peace movement.

As a result of the Washington administration's program of "new federalism" and the transfer of the responsibility for financing socioeconomic programs, the councils of cities and counties have been given an opportunity to set their

own priorities for part of the funds they collect. In particular, this opportunity has been used to finance the activities of municipal commissions investigating the possibilities for disarmament and the conversion of military enterprises for civilian production.

Some municipal governments have set up commissions to investigate the possible conversion of local military enterprises for the production of civilian goods; the discussion of the issues of war and peace, the state of international affairs and the struggle against the danger of nuclear war has been included in school curricula. Cambridge, for example, has a municipal commission on nuclear disarmament and information on matters of war and peace. Washington, D.C., the capital of the United States, has a similar body--a nuclear freeze advisory committee.

National anti-war organizations have been established: Local Government Officials for Social Responsibility (uniting 450 mayors and members of city councils) and U.S. Local Government Officials. The members of these organizations believe that the mounting threat of nuclear war obligates local authorities to view the issues of war and peace as matters under their jurisdiction.

In general, many observers have noted the increasing influence of local government in U.S. sociopolitical affairs. American sociologist J. Nesbitt remarked that "decentralization is prevailing over centralization for the first time in national history" and that the center of power is shifting from the presidency to the Congress and from the Congress of the United States to local government agencies.

It is indicative that hearings on various matters never discussed by local authorities in the past became popular in many cities in the middle of the 1970's. Proposition 15 in the state of California, concerning the expediency of building nuclear enterprises in the state, set a precedent. City and county officials in this state have discussed around 400 foreign and military policy issues--from the financing of military construction projects to the assessment of U.S. policy in South Africa.

Recent events paved the way for the greater involvement of the lowest echelon of government in foreign policy discussions. This tendency has grown stronger in the 1980's, and this was pointed out at a session of the International Political Psychology Society (Washington, 1985). At this session, C. Olger presented a report on the role of local organizations in the peace movement. He stated that the attempts of local authorities to become involved in foreign policy matters, contrary to federal government prerogatives, could increase their influence in federal policymaking, particularly in the sphere of foreign policy.

The 1980's have been marked by the collapse of obsolete stereotypes of thinking conflicting with the realities of the nuclear age. The realization of the catastrophic implications of nuclear war is destroying illusions about the effectiveness of civil defense and the possibility of surviving a nuclear conflict. The collapse of these illusions has been reflected in the resolutions of several municipal councils to refuse participation in civil defense

plans, especially the mass evacuation plans drawn up by the Federal Emergency Management Agency.

The objections of local government agencies to participation in plans for the evacuation of the civilian population were given some impetus when the municipal council of Cambridge issued a brochure "Cambridge and Nuclear Weapons. There Is No Escape from a Nuclear Strike." The brochure was sent to several municipal governments at their request and made quite an impression. These local governments used the arguments of the brochure's authors in their own publications, supplementing them with facts drawn from local experience. For example, an edited draft of the Cambridge brochure was issued in San Francisco with an introduction by Mayor D. Feinstein. This publication was the product of 2 years of work by a local organization, "Residents of San Francisco for Information About Issues of War and Peace."

Cambridge was the first city to reject the plan for mass evacuation in the event of a nuclear war.* The municipal resolution on the matter said: "Civil defense is useless in a nuclear war, and the only way of winning it is to prevent it from happening." Now more than 120 cities, including New York, San Francisco, Houston, Cleveland, Portland, Seattle and Boston, and the states of Maryland, Massachusetts, Washington, California, Maine and New Mexico have followed this example. These cities and states have around 60 million inhabitants.

It must be said that draft resolutions on the refusal to participate in the civil defense plan were rejected by a number of municipal councils and legislative bodies. One of the reasons was the federal agency's threat that this refusal would lead to the curtailment of financial support for such programs as federal disaster aid. Incidentally, the federal agency had to take action on this threat soon afterward: It gave up its plan to cut allocations earmarked for the "rebellious" local agencies and only demanded the return of funds allocated for civil defense plans.

In recent years many local officials have taken an active part in the struggle for the reordering of national priorities and for cuts in military spending; this struggle is being led by a coalition of peace and labor organizations, "Jobs and Peace." More than 85 resolutions have been passed on the local level to request the serious consideration of the effect of military spending on the state of the local economy. Some resolutions obligate the authorities to report to the population on this matter. Municipal assemblies in Baltimore (Maryland), Pittsburgh (Ohio), Los Angeles (California) and other cities obligate city officials to publish reports in the local press each year on the percentage of taxes used to finance federal military programs and reports on alternative ways of using the same funds to improve the infrastructure and create jobs. Although these resolutions have no practical force, the publications they envisage influence public opinion and destroy the common belief that "what is good for the Pentagon is good for the American economy."

* In this plan, all areas of the country are categorized either as "risk areas," the population of which must be evacuated in the event of nuclear war (two-thirds of the U.S. population), or "host areas" receiving the evacuees.

The destruction of old stereotypes of thinking and the spread of new ones are having a substantial psychological impact. The new mood is influencing public attitudes toward Pentagon military programs.

Peace organizations in Boston, New York, San Francisco and Seattle have been able to launch extensive campaigns against attempts to deploy military ships carrying nuclear weapons in their harbors. According to the Defense Department, the deployment of the "Iowa task force" in Boston would give the city 3,000 jobs and 143 million dollars in income. A study conducted by a peace organization, the Committee for a Safe Boston Harbor, indicated that the number of jobs in the city would rise by only 325 and that the income of 143 million dollars was also quite dubious. It was reported that a task force in New York Harbor would provide the city with 500 million dollars a year and 9,000 jobs. A Council on Economic Priorities study proved that the city would gain only 1,000 new jobs at best. Eleven New York State congressmen publicly refused to support the deployment of military ships carrying nuclear weapons in New York Harbor.

The movement against the deployment of military ships in Boston and New York harbors became the center of the political struggle in these cities. All four contenders for the office of mayor of Boston and four of the five contenders for the same office in New York opposed the deployment of ships carrying nuclear weapons in the harbors of these cities.

Of course, any attempts by local authorities to take part in the anti-war movement are fiercely resisted by the military-industrial complex and the champions of the arms race. The proteges of reactionary forces have resorted to the most underhanded methods. In Los Angeles, for example, petitions with 25,000 signatures in favor of the conversion of military industry were stolen from the offices of the local branch of "Jobs and Peace" during the 7 months before the referendum of this matter.

Anti-war activists have been able to enlist the support of the majority of local unions, ethnic minority organizations and religious groups. Anti-war initiatives in Pittsburgh, Baltimore and Los Angeles have been supported by the chambers of commerce of these cities. One draft resolution of this type, "Proposition X," was submitted to the Los Angeles city council by Mayor T. Bradley and Congressmen H. Waxman and E. Roybal.

The Cambridge commission on nuclear disarmament and information on matters of war and peace published a report to substantiate the possibility and desirability of changing the professional fields of local scientific centers and laboratories engaged in military research. An analysis of the activities of local Pentagon contractors aided the commission in planning ways of redirecting their research to civilian fields. The report also stipulated ways of assisting individuals making the transfer from military to civilian production; it suggested that local agencies assist these individuals by arranging for their retraining or their placement in jobs in their special fields in civilian industries.

The complex and sometimes contradictory nature of anti-war actions is reflected in its entirety in the campaign for nuclear-free zones. The first

such zones made their appearance in the United States in 1981, but it was not until later that this movement became strong. Its members believe that the creation of nuclear-free zones serves as a kind of signal to Washington of public objections to the nuclear arms race. Around 100 populated points in the United States, with around 10 million inhabitants, have been declared nuclear-free zones. The production and deployment of nuclear weapons in these regions is prohibited by city and county resolutions.

The following figures provide some idea of the difficulty of the struggle for nuclear-free zones: In fall 1984 this campaign was being conducted in 105 populated points and districts, but it was successful in only 14. In particular, peace initiatives were rejected in all areas with military enterprises or research centers working on nuclear arms projects.

Information was leaked to the press that the military industry had devoted considerable effort and spent huge sums of money to fight against the peace initiatives in these locations. The struggle against the declaration of nuclear-free zones was led mainly by firms whose interests would be affected directly by this. For example, the Lockheed Corporation launched a massive campaign in the mass media against the declaration of Santa Cruz County a nuclear-free zone and threatened to stop all production there by taking its 11-million-dollar military contract to another region. RAND and Lear-Siegler employed similar methods in Santa Monica.

The firms of the military-industrial complex are pooling their efforts, and sometimes even their financial resources, in the struggle against the peace initiatives. An organization created expressly for this purpose by the Warren-Clausden Club firm, Citizens Against the Ban on Research, established a fund and collected contributions ranging from 10,000 to 25,000 dollars from the Pentagon's top contractors--General Dynamics, Lockheed, Northrop, Rockwell International, Sperry, Martin-Marietta and others.

In some cases, state governments also joined the fight against the peace initiatives. Last September, for example, the Supreme Court of the State of Massachusetts canceled the nuclear-free status of Amherst; the court ruled that municipal authorities were acting unconstitutionally when they broke a contract with the Harris Corporation, a Pentagon contractor.

The significance of the campaign for nuclear-free zones under the specific conditions of American life consists primarily in the explanation of the danger of the arms race and the need to put an end to it.

Prestigious peace organizations--Physicians for Social Responsibility, Teachers for Social Responsibility and others--take a skeptical view of the attempts to create nuclear-free zones under the specific conditions of American life. They regard this as an unpromising form of protest against war in their country. Nevertheless, the development of the peace movement on the local level, reflected specifically in the campaign for non-nuclear zones, is having an indisputable effect on the political climate in the country and is influencing the behavior of politicians and public spokesmen. It is also being taken into account to some extent on Capitol Hill in Washington.

A comparison of the positions of some congressmen with the existence of a broad movement for peace and the declaration of nuclear-free zones in their electoral districts is interesting. The congressmen supporting a nuclear freeze and cuts in allocations for the MX missile and opposing the SDI program are M. Barnes (Democrat, Maryland, 2 nuclear-free zones), M. Lowry (Democrat, Washington, 2 nuclear-free zones), A. Swift (Democrat, Washington, 3 nuclear-free zones), D. Obey (Democrat, Wisconsin, 12 nuclear-free zones), R. Kastenmeier (Democrat, Wisconsin, 2 nuclear-free zones), G. Studds (Democrat, Massachusetts, 10 nuclear-free zones), S. Conte (Republican, Massachusetts, 11 nuclear-free zones), J. Moakley (Democrat, Massachusetts, 2 nuclear-free zones) and so forth.

The anti-war activity of several local government bodies in the United States is acquiring increasing significance in national social and political affairs. It is contributing to anti-war actions on the national level.

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'AMERICANIZATION' OF CANADIAN CULTURE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 3, Mar 86 (signed to press 18 Feb 86) pp 63-68

[Article by V. A. Ivanov]

[Text] The past year of 1985 was marked by the considerable intensification of confrontations between democratic and conservative forces in various fields of Canadian public life.* Fierce conflicts between the two tendencies were also witnessed in the cultural sphere. This is the nature of the current domestic political situation in Canada, distinguished by the start of an open struggle against the pro-American policy of the conservatives.

Under the cover of slogans about a struggle for national economic recovery, the Mulroney government began making cuts in government funds for social and cultural needs in the middle of the 1980's. For example, there was an immediate cut of 100 million Canadian dollars in total allocations for various cultural establishments, including the Canadian Council for the Arts and the Canadian Broadcasting Corporation (CBC). This was accompanied by the announcement of the Canadian Tories' intention to stimulate private investment in culture and turn culture into a profitable field of private enterprise. The democratic public of the country interpreted the government's behavior as an "act of war" against the defenders of Canada's own culture.

The more aggressive the government's behavior has been, however, the louder the voices of democratic forces in the country, including many of the best representatives of the Canadian culture, have sounded.

The Communist Party of Canada issued a statement back in late 1984 that "Canada could lose its national spirit, its uniqueness and its independence" as a result of the Tories' cultural policy. An article entitled "Cuts in Allocations for Cultural Needs--Prelude to the Sale of Canada," published in the CANADIAN TRIBUNE, said that "a country without cultural distinction cannot defend its national autonomy. This is what makes the Tory government's cuts in allocations for cultural needs so insidious."

* See, for example, V. P. Svetlanov, "Canada's Communists in the Struggle for Peace and Labor Interests," SSHA: EPI, 1985, No 9--Editor's note.

The cuts were also criticized by the Liberal and New Democratic parties. Representatives of culture and the arts and political leaders joined a "march on Ottawa" on 20 May 1985. Representatives of 40 artists' associations and the organization "For the Survival of the Canadian Culture" met with Minister of Communications M. Masse to express their disagreement with Conservative policy in the sphere of culture. The meeting was attended by Liberal leader J. Turner and New Democratic Party leader E. Broadbent. The meeting demonstrated the government's reluctance to make any clear or definite statements of willingness to defend the Canadian culture. That same day, the minister was greeted by exclamations of anger from the opposition when he arrived in Parliament. In September 1985 Masse resigned when he was accused of violating campaign laws.

The Americanization of Canadian culture is turning into a particularly pressing problem. As the Canadian Communists have pointed out, "the American domination of our broadcasting system, news media and culture in general poses as much of a threat to Canada's national uniqueness and national independence as to the Third World." Canadian cultural figures regard Conservative policy as an attack on Canada's cultural independence. Famous Canadian writer P. Berton remarked that "culture is precisely what unites our country by giving us a sense of community." This is why democratic forces in the country have reacted so vehemently to the Conservatives' attempts to portray culture as only another sphere for the investment of private, including foreign, capital. The Communist Party of Canada believes that the "privatization" of the arts is connected with the "quite distinct possibility of introducing a reactionary ideological content into our national life," and that the "commercialization of culture" could lead to the even more pronounced decline of the level and prestige of the Canadian culture. The producer of "Journal," a Canadian national television news program, M. Starovich, has said it is wrong to regard private investments in television as a symbol of public participation in its development or to believe that this will strengthen its independent character. Any insistence on increased private investments in television, in his opinion, should have the aim of "only broadcasting as many Canadian programs as possible and making these programs popular enough." "All my life," wrote famous Canadian writer J. Callwood, "I have tried to help in creating a culture unique in character, capable of giving us a chance to express ourselves. Now it seems to me that I have simply wasted my time." This statement is not an admission of personal failure, but an indictment of politicians who do not care about the future of the country's culture.

It was precisely these politicians who began to be opposed in the second half of 1984 by the best representatives of culture and the arts in Canada, and this opposition took the most diverse forms: protest marches, public statements, articles, meetings and conferences. For example, the activity of such mass organizations as the Canadian Conference on the Arts, Canadians for the Survival of the Canadian Culture and the Alliance for Public Broadcasting won widespread support from the democratic public and from representatives of culture and the arts.

The growing movement in defense of national distinctions is attested to by the National Forum on Canadian Cultural Policy in Halifax in September 1985. The

appeal of the 300 famous figures from culture and the arts, adopted at the conference at Mount St. Vincent University on 22 and 23 September 1985, is viewed by the Canadian public as the start of the open struggle against the cultural policy of the Conservative Mulroney government. Conference participants criticized the Conservative government's efforts to exert political influence on the development of Canadian culture to its own advantage with the use of the budget allocations for the Canadian Arts Council, on whose financial support 3,700 workers in the arts and even an organization as powerful as CBC depend. Representatives of the Canadian culture spoke at the conference on the danger of the Americanization of the national culture and the threat of its disintegration. The appeal adopted at the conference, read by renowned Canadian writer and playwright R. Salutin, requests the government, above all, for stronger financial support, so that the Canadian culture can resist foreign influence; for the creation of independent arts councils in all the provinces; for the inclusion of representatives of culture and the arts in determination of the guidelines of national cultural development. All of this, renowned news media expert D. Suzuki declared at the conference, should be done with the aim of "impeding the American domination" of Canadian cultural life.

The elevation of the national consciousness in defense of a distinct Canadian culture and against Americanization in the middle of the 1980's is not a new phenomenon in Canada. It is a reflection of the struggle between the two tendencies in political development--continentalism and nationalism--throughout the country's postwar history.

The different approaches to the issue of Canadian-American relations turned into two conflicting policy lines in the postwar period--the continentalist and nationalist lines. The cultural development of Canada occupies a prominent place in this dispute. Adherents of the continentalist school are usually members of conservative groups. Asserting that the future prosperity of Canada depends on the encouragement of American capital investments and that the American side is supposedly guided in bilateral relations only by commercial considerations, without any kind of desire for political influence, they conclude that the practice of publicizing the American culture in Canada does not interfere at all with the development of Canada's own culture. For example, back in 1956 Professor F. Underhill, a famous Canadian historian, asserted that the common system of mass consumption and the natural neighbor relationship of the two countries were the only reasons why the American culture was so pervasive in Canada, and that it was wrong to suspect the United States of trying to influence the Canadian culture directly. "The more we learn about the American experience," he wrote, "the more we will benefit."

According to a group of professors from various Canadian universities, the "cultural differences" between Canada and the United States are so vague that they are difficult to define. The same is true of the "Canadian way of life, if it exists at all," because the similarities of Canada and the United States are "more numerous and fundamental than their differences." Remarks of this kind served as the conceptual basis for specific government actions making the Canadian culture dependent on the American way of life. In these arguments, the continentalists tried to avoid any mention of cultural processes in, for

example, Quebec, which certainly did not testify that the French-Canadians, for instance, were willing to give their national traditions.

In contrast to the defenders of the continentalist line in the cultural sphere, employing general statements about the similar characteristics of Canadians and Americans, the nationalists pointed to numerous incidents of the negative influence of foreign cultures, especially the American one, on the establishment and development of the national awareness of Canadians and their culture. For example, they were always disturbed by the spread of American influence in the news media in Canada, especially radio and the periodical press. "The development of the national culture was a more difficult process in Canada than in other dominions because the Canadians were living next door to a great and established nation and were inundated with unlimited quantities of books, magazines, newspapers and radio programs expressing its ideas."

The defenders of "cultural continentalism" rationalized this state of affairs by alleging that the Canadians had nothing to counterbalance the American culture, but none of them even wondered why. The first answer to this question was a report by the Royal Commission on National Development in the Arts, Literature and Science in 1951 (the "Massey Report"). It stressed, in particular, that Canada's lack of a strong and developed culture of its own (including news media) was the result of the American influence, which was "alien" to Canada.* The report requested the government to support the development of Canadian culture and arts so that, for instance, a Canadian writer would not have to be published in the United States before his works could appear on the book market in Canada. The nationalists cited historical facts in defense of Canadian culture--for example, the fact that Montreal had its own orchestras and composers when New York was still only a provincial town, that there was a theater in Halifax before there was one in Boston or Philadelphia, etc.

The characteristic regionalism of the Canadian society has played a dual role in the development of culture. On the one hand, it dissipates its creative potential, but on the other it gives all of its separate elements a unique nature. One of the distinctive features of cultural regionalism in our day is the tendency of different provinces to take different positions in the arguments about Canada's national distinctions. Wherever there is a particularly great interest in Canada's own heritage, people feel, and with considerable justification, that the eastern provinces (especially Ontario, which plays an extremely important role in the development of Canadian culture on the national level) mindlessly follow American examples.

The issue of the relationship of the culture of Quebec to the "mass culture" of the United States, the French-Canadian culture and the culture of the rest of Canada occupies a special place in these interregional disputes. The American influence in Quebec has been much weaker due to the historical, ethnic and linguistic features distinguishing the French-Canadians from the

* For more detail, see SSHA: EPI, 1985, No 2, pp 73-78--Editor's note.

English-speaking population of North America. But this influence has been particularly dangerous, because the products of the American bourgeois culture designed for mass sale in Quebec have objectively served the purpose of destroying the uniquely French-Canadian way of life. French-Canadian cultural figures realized this much earlier than everyone else. Young representatives of the French-Canadian intelligentsia organized a symposium on "Our Americanization" back in 1937. Speakers warned that the American "mass culture" was seeping into Quebec through radio, film and the press.

As for relations between the best representatives of the Anglo- and French-Canadian cultures, the realization of the common danger of Americanization objectively contributed to the growth of their mutual understanding and solidarity. Nevertheless, the French-Canadians are still the leading force in this process. Demonstrating the successes of their national culture, which has continued to develop despite the aims of the American bourgeois "mass culture," they call upon Anglo-Canadians to follow their example. Their appeal has already been heard, and this is attested to by a remark by talented Canadian film director A. King: "We are no worse than they are (the Americans--B. I.), and in some cases we are even better. This is extremely important to remember so that we can use it to our advantage in the future. This is an exciting prospect, and I would not change places with any filmmaker in the world, no matter where he lives." It is possible that the author of this statement could be accused of being too emotional, but judging by the content of his films, his words are completely sincere. And here is the point of view of renowned theatrical director J. Hirsch, the director of the Stratford Theater, who stressed that his definition of "Canadianism" was extremely broad (the insistence that the culture should reflect the life of the society in which it exists, and not be based on a set of borrowed models), saying: "When I speak of 'Canadianism,' I am not referring to chauvinism. I am speaking of self-realization, I am speaking of self-awareness."

But far from all of the members of the Anglo-Canadian creative intelligentsia realize the positive implications of the concept of "cultural nationalism." Some have left the country, complaining that conditions in Canada are less conducive to creativity than conditions in the United States. A. Lamme, who was executive director of the Canadian Film Development Corporation (now "Telefilm Canada") until recently, remarked that, "in the last 25 years, people who have wanted to succeed in the arts have moved to Los Angeles or New York."

Although the talent drain has continued, there is a growing movement by the democratic Canadian public to improve the status of Canadians in culture and the arts who make an important contribution to the reinforcement of the Canadian national consciousness. It is interesting that Canadians in the film industry who became famous in the United States, such as director N. Jewison, actress G. Bujold and actor D. Sutherland, have been returning to Canada more frequently to work with the talented masters of Canadian film.

At the present time, however, it must be said that American blockbuster movies draw a much bigger audience than Canadian films, that almost half of

the American literature exported abroad is sold in Canada, that many leading Canadian publishing houses are controlled by American firms, that American professors teach in Canadian universities, that the dominance of American television and the press is obvious, and so forth. "From the east to the west, we are copying their examples over and over again," commented Professor M. Moore, former chairman of the Canadian Arts Council. "The influence of the foreign market has acquired extreme forms. Around 90 percent of the screening time in Canadian movie theaters is taken up by American movies--that is, the same percentage as in the United States itself. Television stations broadcasting in English spend 35 percent of their time showing American programs and only 1.4 percent showing Canadian ones. TV stations broadcasting in French allot 29 percent of their broadcasting time to programs made in the United States and only 4 percent of their schedule to their own programs," reported S. Gaithercole, former chairman of the Canadian filmmakers' union. "I feel that Canada is an exceptionally colonized country in many respects," R. Salutin stated. "The majority of television programs are so permeated with the American spirit that our children are actually being raised as Americans," warned political scientist P. Newman. "Although the Canadian culture has flourished over the past two decades, the American culture imported to Canada has flourished even more," remarked the well-known journalist H. Robertson.

Democratic forces in the country and representatives of the progressive Canadian culture believe that this situation calls for drastic changes. Canadian Communists have issued the reminder that "the struggle to Canadize economic policy, the culture and foreign policy...contains a national element. This is precisely why it could become a significant political factor in the near future." Bourgeois groups, however, have displayed their customary indecision, primarily in the fear of irritating their southern neighbor and no longer being in its good graces. Their reluctance to defend the true interests of Canadian culture is camouflaged by discussions of the "democratic traditions" of Canadian society, allegedly precluding any kind of protectionist measures impeding the free exchange of people and goods between the United States and Canada.

There is a completely prosaic explanation for the hesitation of the Canadian business community to defend the interests of the national culture--the desire for the profits derived from close cooperation with U.S. business groups. A vivid example of this was provided by Canada's Torstar Corporation, which owns Canada's leading daily newspaper, The TORONTO STAR, and the Harlequin Enterprise publishing firm. The TORONTO STAR made several statements in defense of Canadian uniqueness and against the increase in foreign, essentially American, capital investments in the Canadian economy. The TORONTO STAR has no overseas operations, but Harlequin Enterprise does, and it turned out that the TORONTO STAR company had invested 51 percent of all its money in operations outside Canada (mainly in the United States) just in 1980. This is a convincing example of the duplicity of Canadian big business, showing how the same company can finance the publication of the quite nationalist-oriented TORONTO STAR and simultaneously earn a large income from the sale of American periodicals in Canada.

After the Conservative government took charge in Ottawa, the struggle for the "Canadian content" of national culture entered a new and extremely difficult stage because the Mulroney government represents the interests of various monopolist groups with close ties to the United States and with strong feelings in favor of cooperation with the United States in all areas.

These tendencies are being countered by the demands of democratic groups for the defense of Canadian cultural uniqueness against the destructive effects of the American "mass culture" and for the promotion, to this end, of the expansion and diversification of Canada's cultural contacts with the rest of the world. There is no question that broad contacts of this type would enhance the prestige of Canadians in the arts and the prestige of the Canadian culture both abroad and in Canada.

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ROLE OF MILITARY-INDUSTRIAL COMPLEX IN SDI HIT

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 3, Mar 86 (signed to press 18 Feb 86) pp 78-80

[Article by V. S. Guseva: "'Star Wars' and the 'Star Complex'"]

[Text] After analyzing articles and statements by authoritative experts published in the United States, the West German journal DER SPIEGEL concluded that the "Star Wars" program is the offspring of American military monopolies. Back in the 1970's, the journal noted, Rockwell International, the American aerospace concern, issued a brochure called "Outer Space--American Frontier for Growth, Leadership and Freedom," in which the authors painted the prospect of the conquest of space by the United States with the aid of orbital stations equipped with laser weapons. The purpose? "Direct and immediate," the brochure said, "reliable command and control of all military forces." In DER SPIEGEL's opinion, this brochure formulated the tempting proposal of military industrialists to the U.S. ruling elite long before March 1983, when Ronald Reagan announced his so-called "Strategic Defense Initiative" (SDI).¹

The history of the postwar arms race is full of incidents showing how the U.S. military-industrial complex influences American government policy. On 1 December 1985, one such incident was mentioned by WASHINGTON POST correspondents F. Hyatt and R. Atkinson: There was a recession in the U.S. aviation industry in the early 1950's. It was then that the Air Force sounded the alarm about the "Soviet threat" from the air. The Pentagon demanded the closure of this "bomber gap" with a military aviation buildup. A few years later, U.S. President D. Eisenhower admitted that the "bomber gap" was "always a fiction."

Here is another example: A few years ago a decision was made in the United States that satellites, including those for military purposes, would be launched with the aid of the space shuttle. The decision was followed by the reduction of rocket orders. Representatives of Martin-Marietta and other companies involved in rocket production (General Dynamics, Aerojet General, McDonnell Douglas and others) then began lobbying the Pentagon and the Capitol. As a result, the Air Force leadership "changed its mind," declaring that one shuttle would not be enough to satisfy the satellite launching needs of the U.S. Armed Forces and that new rocket systems would be needed. In 1985 Martin-Marietta was awarded a new contract for the production of 10 Titan boosters for 2.4 billion dollars.

The effectiveness of the lobbying activity is not surprising in view of the fact that the executives of Martin-Marietta include, for example, General J. Messey, who was just recently chairman of the Joint Chiefs of Staff. The close ties and common profit interests of generals and industrialists have led to several arms buildups and to more and more new projects for the development of new weapons systems. But it is indicative, and this was recently pointed out by American researcher J. Wiesner in a magazine for atomic scientists, that "not once after the facts had been established did the authors of these distorted forecasts display any uneasiness about the unnecessary buildup of military strength they had stimulated or suggest that the United States reassess its goals." In this way, he concluded, "the size and influence of the military industry, the jobs it creates and the constant flow of business executives into government agencies stimulate the arms race."²

"The military-industrial complex in the United States employs 6 million people. It absorbs up to half of all scientific personnel and 7 percent of the gross national product--more than in any other developed capitalist country," reported the WASHINGTON POST. "More than two-thirds of all the funds allocated for research and development are spent on space and defense."³

The generous allocations from the federal budget also attract representatives of the academic community. This is why the "military-industrial complex" is often also called the "military-industrial-university complex."

President J. Young of Hewlett-Packard, a major military contractor, feels it is natural for physicists and engineers to go wherever the money is. This is also the opinion of R. Wetherall, the director of the Massachusetts Institute of Technology graduate placement office: "In some fields graduates find a demand for their knowledge only in the world of weapons.... Judging by all indications, everything hinges on the SDI."⁴

In a long article about the "Star Wars" program, the American weekly U.S. NEWS AND WORLD REPORT commented that research funds are being distributed among 600 universities and industrial laboratories by the advanced science and technology office of the SDI administrative organization. The "Star Wars" program, the magazine commented, will, in all probability, be the main source of funds: The sum of 1.3 billion dollars is being allocated just for program-related research in the next 4 years.⁵

Plans call for 26 billion dollars in SDI allocations between 1986 and 1990 from the U.S. budget, and the cost of the entire program over 30 years, according to preliminary and, in the opinion of some experts, obviously understated estimates, will be a trillion dollars. "Enough for military corporations to live a splendid existence for the next 30 years," the military correspondent of DER SPIEGEL remarked in this connection.⁶

The "rich pie promising decades of profitable contracts,"⁷ as it was described by Vice-Chairman J. Mendelson of the American Arms Control Association, has attracted hundreds of large and small firms, industrial laboratories and research establishments. There are already almost 250, all hungry for a

bigger piece. In the lead are the largest U.S. military-industrial concerns: McDonnell Douglas, General Dynamics, Lockheed, Boeing, General Electric, United Technologies, Hughes, Raytheon, Litton, Grumman, Martin Marietta and Rockwell International. All of them occupy a prominent place in the military business community. These 12 accounted for 37.9 percent of all U.S. military contracts in 1984. Furthermore, orders for military equipment represented 69 percent of the turnover of McDonnell Douglas in 1984, 66 percent for Hughes Aircraft, 63 percent for Rockwell International and 85 percent for Lockheed. The same corporations, as the table shows, are among the companies with large SDI-related contracts.

Obviously, these sums have not been allocated only for research projects. The work on the "Star Wars" program already transcends these boundaries, despite the official allegations that it is still only a matter of scientific investigation. It has been reported, for example, that Lockheed launched a Minuteman-1 missile to an altitude of 100 kilometers from a special carrier in summer 1984; experts believe that this was connected with the SDI. Boeing tested an orbital vehicle intended to play a key role in the SDI program.⁸

All of these facts testify that the "Star Wars" program is backed up by influential industrialists, generals and scientists who have turned the production of weapons--nuclear and non-nuclear--into a source of personal gain. Any reference to the need to give up the SDI program evokes their vehement objections.

Main SDI Contractors

<u>Companies</u>	<u>SDI contracts, in millions of dollars (as of Oct 85)</u>
Teledyne	237.1
Boeing	211.8
Rockwell International	204.4
McDonnell Douglas	199.0
Lockheed	195.8
TRW	186.8
LTV Aerospace	114.3
Hughes Aircraft	98.3
Avco	77.0
BDM	62.0
Aerojet General	51.9
Honeywell	43.3
General Research	42.7
Science Applications	37.9
RCA	35.7
Martin Marietta	33.8
Litton Systems	33.3
Grumman	32.1
Nichols Research	30.1
General Dynamics	30.1
Ford Aerospace	25.7
General Motors	24.3

According to the data of the Federation of American Scientists (THE WASHINGTON POST, 20 October 1985).

People all over the world realize, however, that this program is the main stumbling-block on the road to arms limitation. It is undermining the extremely important Soviet-American ABM limitation treaty signed in 1972. "This treaty, which limits defense systems to a very low level, is an essential condition for arms control. Its loss and the move toward the broad-scale deployment of antimissile systems will probably be irreversible," said prominent expert J. Mendelson.⁹ In his opinion and in the opinion of "many respected and informed opponents of Star Wars" in the United States, Washington should reaffirm its commitment to the ABM treaty and not violate it under any circumstances.

The supporters of "Star Wars," on the other hand, view the ABM treaty and the talks on the limitation of nuclear and space weapons as the main obstacle on the road to new profitable contracts.

"Over the last 30 months the military-industrial complex has created a miniature model of itself--a 'star complex'--with its own Star Wars lobbyists, Star Wars publications and vice presidents in charge of Star Wars.... The 'star complex' hopes to guard this new business against any threat, including political attacks, skeptical remarks by technical experts and arms control agreements standing in their way," the WASHINGTON POST commented.¹⁰

It is completely obvious that this 'star complex' is made up of the powerful pressure groups insisting on the quickest possible implementation of the SDI. These groups are preventing the United States from joining in the moratorium on nuclear tests, as requested by the Soviet Union and demanded by the people and governments of many countries. In the final analysis, these demands--to stop testing nuclear weapons, put an end to the research and development of new lethal systems and to prevent the militarization of space--correspond to the United States' own vital interests.

FOOTNOTES

1. DER SPIEGEL, 25 November 1985.
2. Quoted in THE WASHINGTON POST, 1 December 1985.
3. Ibid.
4. Ibid.
5. U.S. NEWS AND WORLD REPORT, 9 December 1985, p 48.
6. DER SPIEGEL, 25 November 1985.
7. NEW STATESMAN, 5 July 1985.
8. DER SPIEGEL, 25 November 1985.
9. NEW STATESMAN, 5 July 1985.
10. THE WASHINGTON POST, 20 October 1985.

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SEMEYKO REVIEWS U.S. BOOK ON CONTROL OF NUCLEAR 'BUTTON'

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 3, Mar 86 (signed to press 18 Feb 86) pp 98-104

[Review by L. S. Semeyko of book "The Button. The Pentagon's Strategic Command and Control System" by D. Ford, New York, 1985, 271 pages; passages rendered in all capital letters printed in boldface in source]

[Text] Command, control, communications and intelligence. The English abbreviation of these four words is C³I, and the approximate Russian equivalent is the system of strategic administration. What lies behind this name?

It is a system under the jurisdiction of the Pentagon, a system including the surveillance of targets of nuclear strikes and the warning of a nuclear attack, the collection of data on its nature and scales and the assessment of the current strategic situation, the making of decisions on the delivery of nuclear strikes and on the combat objectives of nuclear forces, the verification of the completion of missions, etc. The system is made up of hundreds of command centers, communication points, thousands of kilometers of telephone and other lines of communication and huge quantities of electronic, radar, radio and combat equipment, including reconnaissance and command aircraft. All of this machinery is designed to transmit, receive and quickly assess flows of information about the strategic nuclear situation. It is headed by a large staff of administrators, from the President of the United States to ordinary radio operators and monitors of many control panels.

This is the technical side of the matter. But what is the purpose of C³I? What are the actual political and military-strategic functions of this system for the strategic administration of colossal nuclear strength? People in the United States say that these are exclusively "defensive" functions. The system itself, however, reaffirms the fact that the main function of the U.S. strategic nuclear forces is to deliver the first nuclear strike, intended to disarm and "decapitate" the political and military leadership of the USSR. Daniel Ford's book "The Button. The Pentagon's Strategic Command and Control System," recently published by the New York Simon & Schuster firm, offers conclusive proof of this.

The author, the former executive director of the Union of Concerned Scientists, knows what he is writing about. For many years he has been researching

military-political subjects connected with nuclear weapons. His studies of relevant literature and his personal experience (including tours of major strategic command centers and numerous interviews with prominent experts, practical workers and scientists) provided him with a basis for a comprehensive discussion of the plans to use the sinister multi-stage "button"--the starting mechanism of worldwide nuclear catastrophe.

Defective Mechanism

As the reader has probably guessed, this is not a specific button or a switch, level, key or electronic device. "Button" is a collective term. And the crux of the matter is by whom and how it is to be "pushed," on whose initiative this is to be done.

Imagine that a crisis has reached the critical point, D. Ford writes. The President must answer yes or no to the military establishment's recommendation to deliver a nuclear strike in accordance with some version of the Single Integrated Operational Plan (SIOP). What will he do? President J. Carter, the author of the book reports, acted without haste and with circumspection during rehearsals of strategic games simulating the beginning of war, "not wishing the control system to hurry him." Ronald Reagan, on the other hand, always acts like an automaton in these cases, like part of the system. "What am I supposed to do now? Push this button?" he asks credulously. "Mr. President, you have 7 minutes to do this and that," a colonel explains. And what happens? "No questions from Reagan," Ford says (p 92).

This dialogue probably tells us less about the psychological peculiarities of the current President than about the system for the control of the button itself: How easy it would be to let the Pentagon chief have the final say in a time of crisis! Particularly since numerous observations brought the author of the book to the alarming conclusion that neither the President nor the secretary of state nor the secretary of defense in the current administration is familiar with the constantly updated contents of the 75-page "black book" stipulating the current varieties of nuclear strikes.

"Presidents usually...have no great wish to take part in war games, debates and other undertakings for the discussion of how the nuclear strike management system works," General B. Scowcroft, President G. Ford's former national security adviser, frankly testified. With the exception of the secretary of defense and the secretary of state, all of the people who might have to make the decision to deliver a nuclear strike in an emergency (for example, in the event of the President's death) "know almost nothing" about all of the complexities of the control and command of nuclear strength (p 141).

But this could, after all, be the last chance to save the world. Furthermore, it turns out that "the military has its own control system, and the senior commanders and officers have every opportunity to issue the order, without any kind of civilian interference," to deliver a nuclear strike (p 142). The Strategic Air Command, the national military command center in the Pentagon (under the jurisdiction of the Joint Chiefs of Staff--JCS) and even the reserve command center in Fort Ritchie have the ultra-secret code for the

button (p 143). It is true that precautionary measures have been taken in Minuteman launch control centers to exclude the possibility of an accidental launching (electronic locks and double key systems). But this certainly does not exclude the possibility of errors or evil intentions. "Sergeant Bilko cannot start World War III, but General Bilko can," a former Pentagon staffer told the author (ibid.). These "General Bilkos" include the supreme commander of the U.S. armed forces in Western Europe and the naval commanders in the Atlantic and Pacific oceans....

It would be logical to assume that before the order could be given to "start the nuclear Armageddon," someone would thoroughly review all of the data on the current political and strategic situation. But will all of the necessary data be at the disposal of the President or another individual empowered to use nuclear weapons? The author arrives at a negative conclusion, specifically on the basis of his personal impressions.

He visited the early warning center in Colorado, part of the headquarters of NORAD (North American Air Defense Command). It is the function of this center to immediately notify the President, the chairman of the JCS and some other people in top-level positions of dangerous changes in the aerospace situation (alarms have already been set off as a result of mistaken conclusions about the "actual" start of a Soviet nuclear attack). Ford asked to be shown how the telephone communications with these top-level positions worked. A general lifted the receiver of the line to the President, confidently declaring that the other end would respond automatically. But there was no connection, the line was dead. The same thing happened with the line to the JCS chairman. Imagine what might happen in the event of a false report of the "start of an invasion" from the center if the "all-clear signal" could not be sounded within a few minutes when the mistake was discovered! After all, the line was not working....

The reader might also be amazed by another odd, if the term can be used here, incident described in the book. As soon as President J. Kennedy took office, he searched the Oval Office for the famous "red" phone which is supposed to notify the head of the White House of the start of a "Soviet invasion." The telephone is in one of the desk drawers, he was told. But it was not there or anywhere else. It turned out that it actually had been in a desk at one time, but in another desk, in the one D. Eisenhower had moved out of the office. The telephone had been disconnected long ago.... All of this says a great deal, and not only about the "liberties" taken by the powers that be in the United States. It also proves that these "powers" are not worried as much about the threat of a "Soviet nuclear invasion" as they pretend to be when they are making a loud commotion to scare the average American.

What would happen if, for instance, the entire system for the administration of U.S. strategic forces was set in motion by a false signal? Two flows of information would simultaneously start moving rapidly in opposite directions: from bottom to top--from NORAD, the National Security Agency and other sources to the President, the Pentagon, the JCS and the commander of strategic aviation--and from top to bottom--to the control centers of ICBM's (and there are a full 100 of them!), nuclear missile submarines and strategic

bombers. Furthermore, a radio command for the immediate launching of all ICBM's can be issued, bypassing their control centers, from the airborne strategic aviation command point, an EC-135 plane of the Boeing-707 type, codenamed "Looking Glass" and constantly in flight (p 150). One thought will prevail in the minds of all participants in this decisionmaking process: Faster, faster, or it will be too late.

Just a few instants to take a look at conflicting data, make a decision and issue orders. This is a matter of incredible responsibility and complexity!

It is completely understandable that any state possessing nuclear weapons must make its system for the control of nuclear forces reliable; otherwise the world will have to pay too much for the possibility of errors. The worries of U.S. leaders at the beginning of the 1980's about the many "gaps" in this system are also understandable. In view of the fact that the perfection of C³I could reduce the risk of the accidental start of a nuclear war, this perfection can only be applauded.

The question of the need to modernize the C³I system as quickly as possible was already being raised under the Carter Administration. As U.S. Deputy Secretary of Defense for Research and Engineering W. Perry said in 1979, the "channels of this system are now possibly the weakest link of our strategic forces" (p 26). Around 100 recommendations were proposed to correct the situation (p 27). J. Carter issued the corresponding presidential directive (PD 53) and later amplified his instructions in 1980.

Reagan faced the matter even more squarely. He put the modernization of the system at the top of the priorities announced in his strategic program in October 1981. The amount of 18 billion dollars was allocated for this purpose over 5 years, but many experts believe that it will take up to 30-40 billion (p 194). It seems obvious that a responsible position has been taken on the matter: The U.S. leaders are doing everything within their power to keep the "weakest link" of the American strategic forces from causing the accidental start of a nuclear conflict.

The Real Aims of Modernization

The actual thrust of the C³I modernization, however, was different. It consisted in completely adapting this system for the delivery of a first strike in a nuclear war. It is precisely this--the delivery of a first strike--that is supposed to "decapitate" the potential adversary, completely undermine the other side's system of governmental and military control and, finally, secure the successful functioning of the American C³I system in a subsequent protracted nuclear war. The data scrupulously collected by the author attest precisely to this. This was never, as we shall see, a matter of defense

THE AIM OF DISARMING. This is precisely what permeates Pentagon thinking. For centuries it was the common belief that a sudden attack always gives the attacking side great advantages. Although common sense tells us that even a second, retaliatory strike could be devastating for the aggressor in the nuclear age, this thought, unfortunately, "does not reflect the established

views of the military," the author writes. The "retaliatory" type of strike is not even envisaged in the plans: A strike can only be a first strike!

The author cites his conversation with one of the drafters of the SIOP, an Air Force "strategist." "If there is a nuclear war," he said, "the United States will start it." The expectation is that the destruction of Soviet missiles will reduce the scales of American losses as a result of a retaliatory strike. All versions of the "black book" since the beginning of the 1960's have been based on this assumption. "In a real situation we will not think about whether we should deliver a strike first or second," a former Pentagon staffer told the author. "We will think about whether we should deliver the strike first or not deliver a nuclear strike at all" (p 106).

It is indicative that, according to D. Ford, not one of the American experts analyzing the U.S. system for the administration of nuclear forces even considered the possibility that the USSR could take advantage of its weaknesses in an ordinary situation and deliver a surprise strike itself, "like a bolt from the blue" (p 47). This danger is definitely excluded, although the weaknesses of C³I have been no secret for decades.

At a time of crisis, however, these weaknesses, in D. Ford's opinion, could have a peculiar effect on the assessment of the situation in the United States itself. People there might consider, he writes, that since Moscow knows about the administrative weaknesses of the American military machine, it would have the potential (!) capability of delivering a first strike at control centers as a necessary "defensive act" (p 47); for this reason, the Pentagon and the President's advisers, worried about the U.S. ability to deliver (under these conditions) a retaliatory strike, might conclude that "the United States has no other option but to deliver the first strike itself" (p 48). What is more, the first strike would be delivered precisely because this can be expected to destroy the system for the control of strategic forces in the USSR.

Here it is necessary to discuss the extremely important matter of mutual ideas and assessments of the probable actions of the other side in a time of crisis. The nature of the previously mentioned "desperate thinking" of U.S. leaders, including military strategists, referred to by the author himself and by many of the prominent American researchers he consulted, stems from fundamentally incorrect ideas about the policy of the USSR, its aggressive intentions and its "willingness" to start a nuclear war. What is more, even in Daniel Ford's extremely lengthy and equally sound and objective book, there was, unfortunately, no room for a mention of the USSR's voluntary pledge not to use nuclear weapons first. And hypothetical discussions of this matter are naturally irrelevant.

The USSR had good reason to appeal for the revision of traditional beliefs--both about the overall situation in the world in our nuclear age, the realities of international life, and about the actual policy of the Soviet Union: The peaceful actions of our state are portrayed with extraordinary ease as "propaganda"! "Human thinking does not adapt immediately to everything new. This applies to all of us. We sense this and we have begun a process of

reassessment, of bringing many customary ideas completely in line with new realities, including the military and, of course, the political spheres. We would like the same kind of reassessment to occur both in Western Europe and beyond its boundaries," M. S. Gorbachev said when he addressed the French parliament.*

THE AIM OF 'DECAPITATION.' The concept of "decapitation"--that is, the delivery of pre-emptive strikes against centers of governmental and military administration--is also closely related to the false ideas about the USSR prevailing in Washington. People there feel that the American C³I system should "operate very quickly" to deprive the USSR of the chance to "decapitate" the U.S. military-political leadership (p 25) and, in turn, give American leaders a chance to deliver a pre-emptive nuclear strike against the Soviet Union in time.

Although attempts have been made to deny the existence of the concept of "decapitating" the USSR in American nuclear strategy, this concept does exist. "The Soviet military structure has always been one of the targets in our plans for nuclear war," said L. Sloss, who headed the interdepartmental program for the reassessment of nuclear policy objectives from 1977 to 1979 (p 128). "A relatively low percentage [of American strategic forces] has been earmarked for the destruction of administrative centers in the USSR. This low percentage does not mean that we are underestimating the priority of this objective," Deputy Secretary of Defense W. Perry said in 1979 (p 128). General B. Holloway, former commander of U.S. strategic aviation, acknowledged in 1980 that strikes against the administrative system in the USSR should lie at the basis of American military plans; their purpose is "to paralyze the Soviet military machine" (p 129).

These statements coincide completely with the instructions in the secret directives of both J. Carter (July 1980) and R. Reagan (October 1981). Important excerpts from these documents, leaked to the press, confirmed the U.S. leadership's reliance on "decapitation." This is also attested to by SIOP-6, which went into effect on 1 October 1983; programs for the development of highly accurate nuclear weapons capable of destroying well-protected administrative centers (primarily the MX, Trident II and Pershing II missiles) attest to the same intentions, according to the author of the book (pp 130-131). The short flight time of the Pershing II missile, deployed in the FRG, is of special importance in these plans. Ford cites the following calculation: "The distance from the launch sites to the Soviet capital is approximately 6000 miles (1 mile = 1.6 kilometers--Editor), and this is nothing for missiles with a flight speed of over 9,000 miles an hour" (p 138).

The plans for the deployment of the ASAT system also have the aim of "decapitation." If Soviet satellites are suddenly put out of commission, this would, according to Pentagon plans, "blow" the administrative system in the USSR and guarantee that a subsequent nuclear strike will be a surprise attack. "Aggression is offensive, and not defensive, thinking in military priorities," the author concludes (p 414).

Ford draws an interesting historical parallel between the ASAT and 1945 American long-range strategic nuclear missiles (which) threaten "the Soviet

* FRANKFURT, 16 SEPTEMBER 1985.

States, he writes, is now refusing to prohibit the testing and deployment of the antisatellite systems just as it refused at the SALT-I negotiations to accept the Soviet proposal prohibiting the testing and deployment of the MIRV system on strategic missiles. At that time, in the late 1960's and early 1970's, the United States counted on its leadership and expected to secure superiority in the number of strategic nuclear projectiles with the aid of this system. But the "refusal to include the ban on the MIRV in the SALT I agreement will enter the history books as one of the gravest errors ever committed by American diplomacy," because the USSR quickly caught up with the United States in the technology of MIRV development and deployment,* and now, Ford states, the Pentagon "must face the threat" to missile silos and control points in the United States (p 205).

"What a pity that we did not thoroughly consider all of the implications of an MIRV'ed world," the author cites H. Kissinger's words. But now, Ford writes, the United States is making a similar, truly historic error in its reluctance to consider all of the implications of a world with a militarized space, "and this is just as nearsighted as the MIRV decision"; as a result, U.S. satellites might face the same kind of potential threat in the future as U.S. ICBM's are facing today, the author suggests (pp 205-206). "The absence of a treaty banning antisatellite weapons could make all new early warning satellites and equipment for the control of strategic forces ineffective," the author writes (p 207). This opinion is shared by many objective observers in the United States.

The author is right as long as the discussion pertains to the combat capabilities of future antisatellite equipment. On the political level, however, the situation requires caution at the very least. After all, it is clear that no Soviet plans for aggression should be discussed even on the hypothetical level! In several cases, however, for the sake of false "objectivity," the author puts the USSR and the United States on the same level in his predictions about the prospects of "decapitation" and disarming. This approach, of course, does not add anything to a book of generally high quality.

Incidentally, works by American researchers sometimes even include direct apologies for the concept of "decapitation," allegedly adopted "with the best intentions": The mere destruction of the adversary's control points "with little bloodshed" would paralyze most of its nuclear forces and make them inoperable. And this is portrayed as a "love of peace"....**

But the aim of "decapitation," just as the hope for some kind of "good nuclear strategy," is unrealistic, as is the expectation of limited nuclear warfare. Acceptable terms do not and cannot exist here, because this is warfare with catastrophic implications. (A proverb comes to mind): "The road to Hell is paved with good intentions."

* For more details, see "Soviet Initiates Arms Race" (DAILY NEWS AND JOURNAL in Texas [reprinted], Houston, 1980, p 5).

** This point is also mentioned, for example, on Y. Barenkov's book "The Command and Control of Nuclear Forces," Moscow, 1970.

AIM OF PREPAREDNESS FOR PROTRACTED NUCLEAR WAR. One of the aims of the C3I modernization, as we mentioned above, consists in giving it "stability" and the ability to function in a protracted nuclear war--for weeks and months. The author cites remarks by Pentagon officials attesting to their lack of belief in the possibility of a "controlled" nuclear war, the escalation of which can be prevented after the exchange of a limited number of nuclear strikes (pp 110, 111 et passim). This is only the demagoguery of "Pentagon civilian strategists," and not of the military.... "Military planning in the sphere of nuclear weapons has really never had much in common with the declared doctrine." This is a statement by E. Richardson, an official in the Carter Administration and a renowned expert on military policy (p 107).

The actual expectations are different. "The Single Integrated Operational Plan does not even envisage the possibility of keeping escalation under control," the author was told by one of the people responsible for drawing it up (p 241). The plan does not even envisage the possibility of "bargaining" during the nuclear war to reach an agreement on ending it (we should recall that American leaders have repeatedly declared that the "United States must have enough strength to fight and win a war "on terms benefiting the "United States").

The plans for this are rigid and precise: Strikes are to be delivered according to a particular option, period (p 242). Furthermore, the very possibility of conducting negotiations after the other side's system of governmental and military administration has been destroyed by "democratization" seems more than dubious to the author (and apparently not only to him).

In spite of all this, influential members of the current administration, just as their predecessors, are openly intensifying preparations for a "protracted" nuclear war—in all areas, including the perfection of the control system (directives 89 and 13). Thus, the earlier events, have divided the process into two stages: a first stage containing the total elimination of the system's known defects, and a second stage concerning its "survivability" in a lengthy conflict war (1961).

too many holes" in the system can be patched up during the first phase of modernization; in any case, expenditures will be colossal, while strategic results "are not likely to be successful" (p 197). Equally skeptical opinions have been expressed about the second phase of reconstruction, entailing the adaptation of the system to manage a "protracted" nuclear war. But there is no doubt in anyone's mind about something else: Huge allocations will be paid out to the Pentagon for this purpose, whatever differences of opinion might arise between the powers that be and the experts.

The author appropriately cites W. Churchill's recollections of differences of opinion in the British Admiralty about the number of warships to be built at the beginning of the century: "An interesting and extremely indicative solution was eventually found. The admiralty was demanding six ships, and the economists were offering four. We finally compromised on eight" (pp 192-193).

This is also the purpose of the current "differences of opinion" in the American leadership, which are being trumpeted in the U.S. press. To counteract the mystical "Soviet military threat," various concepts of "defense" are announced (the latest is Reagan's "Strategic Defense Initiative") and then become the subject of arguments.... All of this is calculated to have an impact on the public. This is only the tip of the nuclear iceberg; most of it is hidden in the bottomless depths, which are not so easy to look into. But after surveying them with American researcher Daniel Ford, we can only be amazed by the degree to which the U.S. military-political leadership is now adhering to the ideas of a strategy of nuclear aggression with fatal implications for itself.

These ideas are woefully inconsistent with the Soviet-American statement jointly adopted in Geneva on the summit level, declaring that "a nuclear war must not be started, there can be no winners in this war." This approach is of great fundamental significance because it should make substantial changes in the military-political theories prevailing in Washington until recently. This will also require the United States to draw the appropriate practical conclusions.

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BOOK ON ROLE OF GOLD IN CONTEMPORARY CAPITALISM REVIEWED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 3, Mar 86 (signed to press 18 Feb 86) pp 112-113

[Review by Yu. I. Bobrakov of book "Zoloto v ekonomike sovremennogo kapitalizma" [Gold in the Contemporary Capitalist Economy] by S. M. Borisov, Moscow, Finansy i statistika, 1984, 478 pages]

[Text] The development of the currency crisis has been mediated by many factors, including the important factor of the processes connected with radical changes in the structure and functioning of the gold mechanism in the capitalist system of economic management.

The book being reviewed is an informative and thorough study of the theoretical and practical aspects of the contemporary capitalist gold mechanism, based on a broad range of facts and statistics.

The author conclusively proves that the intensification of the American currency crisis at the beginning of the 1970's, the consequent U.S. Government denial of its obligation to freely sell to other states at the firm dollar price, and the two official devaluations of the dollar in 1971 and 1973 had the most serious effect on the entire capitalist currency system (p 99).

The author examines the role of gold in international payments and its price thoroughly and in detail; he presents a lengthy discussion of the present state of the capitalist gold mining industry and cites data on the concentration of production in this sphere (p 263).

The book also contains an assessment of the capitalist world's gold resources, their distribution and their use and an examination of the contemporary gold trade. As the author correctly concludes, "new developments in the capitalist gold trade are creating new complications in the capitalist world" (p 372).

The two final chapters of S. M. Borisov's informative book--"Gold and the Contemporary Currency System" and "The Present and Future of Gold"--will probably be of the greatest interest to the reader. These two sections summarize the analyses conducted in previous sections of the work and present a broad analytical overview of the distinctive features of the contemporary capitalist currency system and the major stages in the evolution of the gold and gold market.

S. M. Borisov presents an informative discussion of the group of factors leading up to U.S. state-monopolist capitalism's "dollar vs. gold" policy line. When the currency crisis became more severe in the 1960's, the United States was threatened by the depletion of its gold reserves as a result of the continued exchange of paper dollars for gold at a fixed price. With a view to the failure of such palliatives as the "gold pool" and the "two-tier market," the United States decided to "put an end" to gold as the dollar's competitor--to demonetize gold, remove it from the international currency system and demote it to the status of an ordinary commodity. "All of the economic and political strength of American imperialism's state-monopolist machine was used in the attainment of this goal" (p 382).

The author presents a highly professional analysis of the mechanism of dollar expansion and its destructive effects on the international currency system and investigates the attempts of other countries to resist this onslaught by seeking alternatives to the dollar in the form of currency units created by the terms of treaties for use on the international or regional scales (the SDR and the European Currency Unit--ECU). But the dollar held on to the "battle-field," backed up by the strength of the largest power in the capitalist world, and retained its status as the main currency of contemporary capitalism. As the author stresses, "there is no question that this could give rise to new complications and new inter-imperialist conflicts with a significant effect on the evolution of the fundamental bases of the capitalist world's contemporary currency structure" (p 426).

What will happen to gold now? What is the future of the yellow metal in light of all the reversals in its place and role in contemporary capitalist monetary affairs?

Summarizing all of the features of the gold mechanism's operation during the current phase of capitalist development, S. M. Borisov concludes that gold has lost its monetary functions. "On the other hand," he notes, "gold still has the reputation of a 'special type of commodity'--an earlier form of legal tender--and will apparently keep this reputation for a long time. And experience has shown that this kind of commodity receives special treatment in all links of the societal-economic organism--government, capitalists, entrepreneurs and the average citizen" (p 433).

The author traces all of the contradictions and complexity of current changes in the gold mechanism's operation, which are revealed most distinctly in the phenomenon of gold's "remonetization." It is true that the increased purchases of gold in recent years in the free market by the central banks of capitalist countries, the increasing tendency to use gold as collateral in their credit operations and certain trends in the approach to IMF gold still signify the partial "remonetization" of the yellow metal.

The author presents an informative account of the current scientific disputes on the future of gold, of its economic and practical aspects in the future. He summarizes the author's conviction that "gold's return to the status of a commodity will be a necessary stage in the development of the capitalist world economy and will signify the final 'remonetization' of the yellow metal."

continue the study of the broad range of questions connected with its production, system of sale, distribution and final use" (p 460).

The book's statistical appendices, containing data on a broad range of questions connected with gold mining in the capitalist world and the distribution, prices and uses of gold, are also of indisputable interest.

S. M. Borisov's book is a profound and interesting study of the role of gold in the contemporary capitalist economy with a scientific range of unique scales.

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wave of the nationalization of foreign property began to subside in these states in the second half of the 1970's. Furthermore, many countries are now trying to attract Western investors by offering them certain judicially secured privileges. And although the aim is usually the establishment of mixed companies with majority participation by national firms, American and other TNC's are actively using this form for the penetration and domination of key sectors of the economies in developing countries (p 82). The author's position on the matter is clear and unequivocal: "The new developments in the export of capital will not make any fundamental changes in its essential purpose and are intended only to modernize its forms and methods." It is now, just as in the past, "intensifying the negative implications for the socio-economic development of emerging countries" (p 86).

The author examines U.S. technological neocolonialism as the most advanced element of American policy, an element playing an increasingly important role. This is no longer simply a matter of the traditional vehicles of this policy--government scientific and technical assistance, the training of specialists or the sale of licenses--but also certain practices which have recently become widespread, such as the export of engineering consulting services ("engineering"), the export of managerial and organizational methods, the offer of services in the management sphere ("franchising") and others. In addition to providing American corporations with a sizeable income--25 billion dollars in 1983 (p 133), these operations are contributing to the growth of their influence in the most rapidly developing sectors of the economies of Asian, African and Latin American states. In the majority of cases, R. I. Zimenkov stresses, "TNC practices in the field of technology transfer are contrary to the national plans of these states and do not contribute to the comprehensive development of their economies" (p 129). Although the scientific and technical revolution is creating great opportunities to surmount underdevelopment and eradicate hunger, disease, poverty and illiteracy, "all of this is being impeded by imperialism and by the dependence of the majority of developing countries on it," the author concludes (p 134).

In general, this book provides a great deal of food for thought about the evolutionary patterns of neocolonialism and about the need for the further study of this phenomenon in contemporary international relations. This book, which uses extensive and new statistical information and contains many specific examples and facts, will command the attention of propagandists, students and all those interested in world economic affairs.

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BOOK ON CUBAN-AMERICAN RELATIONS REVIEWED

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[Review by S. A. Mikoyan of book "Kuba v mirovoy politike" [Cuba in World Politics] by E. A. Grinevich and B. I. Gvozdev, Moscow, Mezhdunarodnyye otnosheniya, 1984, 576 pages]

[Text] The experience of socialist Cuba proved once again that the international role of a country depends less on its size than on the will of the people to pursue a separate and independent foreign policy in the interests of peace, progress and democracy, in the interests of struggle for economic and social liberation.

The book under review covers an extremely broad range of topics. The interrelations between Cuba and the United States naturally occupy a prominent place among them.

It is no secret that official Washington reacted with unconcealed hostility to the very first steps of the Fidel Castro government. The fact that a small country had dared to say no to the commands from the north and had dealt a crushing blow to the "Monroe Doctrine" and to other doctrines of the ideology of pan-Americanism evoked an unhealthy reaction that is still affecting all of U.S. "Cuban" policy. Strictly speaking, there is no such policy; there is a syndrome which has created a situation in which decisionmaking is influenced by emotional and psychological deviations from the standards of political thinking rather than by common sense. As Professor C. Blaisier from the University of Pittsburgh once said, "times have changed, but the United States has persisted in its counterproductive and self-destructive policy line."

The authors cite many facts in support of this point of view. During the 10 or so years of the "guardianship" attitude toward the island, the U.S. mass media, which regarded Cuba as an extension of the Florida peninsula, managed to convince the average American that Cuba was a U.S. possession. This is the reason for the resentment of Cuba's "treachery" and its solidarity with the Soviet Union and for the resulting anti-Cuban feelings, fueled by the U.S. propaganda machine. After all, everyone knows how easy it is for the narrow-minded point of view, seasoned with chauvinistic attitudes, to pass itself off as "public opinion." It has been extremely difficult for "imperious" thinking

to accept the fact that a free and independent Cuba is making all the final decisions on all aspects of its own domestic and foreign policies. Nothing can undermine the Cubans' determination to defend their liberty. "No one will ever gain anything from our people by force," Fidel Castro stated (p 432).

E. A. Grinevich and B. I. Gvozdev offer conclusive evidence of the failure of the U.S. anti-Cuban policy line. Prominent members of the American establishment acknowledged the validity of the freedom-loving ambitions of the Cuban laboring public long ago. Those who have dared to decry anti-Cuban attitudes include prominent politicians--W. Fulbright, G. McGee, G. McGovern, H. Hughes, E. Kennedy, J. Javits, C. Pell, J. Sparkman, J. Abourezk, F. Haskell, C. Wohlen and J. Bingham (pp 392-425)--and several officials in the current administration, particularly P. Holt, chief of staff of the Senate Committee on Foreign Relations. When he was in Moscow at the end of the 1970's, he stressed in a conversation with the author of this review that many people in Washington realized that instead of isolating Cuba, the United States had found itself in a state of isolation in the "Cuban question."

In 1927, then Secretary of State F. Kellogg, speaking on behalf of official Washington, blamed the growth of the anti-imperialist movement south of the Rio Grande on...Moscow. The deputy people's commissar of foreign affairs at that time, M. M. Litvinov, stated in this connection that some officials in the capitalist states had acquired the habit of rationalizing their own incompetence in domestic politics or their aggressive ambitions in foreign policy with references to Bolshevik "plots" and Soviet Government "intrigues."

The method of interpreting objective historical processes has unfortunately not undergone any significant changes in the United States since the time of H. Hoover and F. Kellogg, although there is one difference: Now the successes of national liberation movements in the western hemisphere are blamed not only on Moscow, but also on Havana and, in recent years, on Managua.

The subject matter of this thorough study by E. A. Grinevich and B. I. Gvozdev is extremely pertinent. The authors collected a great deal of important information about Cuba's constantly increasing influence in world politics. The book is equipped with extensive footnotes and appendices. It will be of interest not only to those studying Cuban affairs, but also to experts on American affairs and on the developing world as a whole and to many Soviet readers who sympathize and identify with socialist Cuba's active position in the world arena.

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